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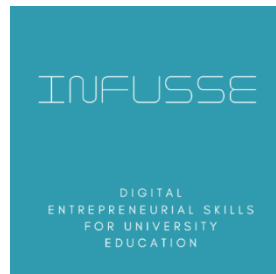
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UNIVERSITATEA DE MEDICINĂ,  
FARMACIE, ȘTIINȚE ȘI TEHNOLOGIE  
„GEORGE EMIL PALADE”  
DIN TÂRGU MUREȘ

## INFUSSE

### *digital eNtrepreneurial Skills For UniverSity Education*



#### COOPERATION PARTNERSHIPS (KEY ACTION 2)

**AGREEMENT NUMBER 2021-1-EL01-KA220-HED-000032028**

Activity	<b>PR2:</b> INFUSSE Educators' Training Path (digital skills, tools and guidelines to “train-the-trainers”)
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Abstract	<p>The present report is produced under PR5 comprising of the following INFUSSE activities:</p> <ul style="list-style-type: none"><li>• PR2/A2: Training (train-the-trainers) modules material Development</li></ul>

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# BUSINESS CREATION

## Scope

The aim of this section is first of all to explain the process of business creation and discuss its essential elements.

## Expected outcomes

- To understand what a business creation process is.
- To acquire the knowledge on how to create your own business.



## DEFINITION

***INSEE defines Business creation as “the implementation of new means of production”. Creating a business means creating your own job, creating wealth and participating fully in the economy of a country.***

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## BACKGROUND/DESCRIPTION:

*New firm creation is one of the most important facets of modern economic life. Despite centuries of attention to and interest in entrepreneurship, only in the last several decades has it been possible to develop precise assessments of the scope and impact of business creation. The first comprehensive assessment indicating the significant contribution of new and small firms to job creation was initially published in 1979. In the past decade, procedures for identifying representative samples of those active in business creation have been developed and implemented in over 75 countries. Entrepreneurial activity of people in the world and the conditions for its development are the main areas of interest of researchers from 50 countries worldwide, gathered as part of the initiative, which is the research project GEM - Global Entrepreneurship Monitor. The initiative delivers information that enables the identification of differences between*

*countries in terms of scope, entrepreneurial attitudes, activities and aspirations, and allows for the identification of factors shaping the level of entrepreneurial activity and its nature. (P.D.Reynolds, New Business Creation, 2011)*

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Creating a new business is a process comprising **5 basic stages**:

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### **VALUE CREATION**

First of all, a business has to create value for others. A successful business is one that has found a way to create value for the client, i.e. a way to support the client in the implementation of a specific task (job). Task is understood here as a significant - in a given situation - problem that needs to be solved. Understanding the essence of this task, all its aspects, including the process of its implementation is a prerequisite for designing an offer for the client. So, when you start your business the first thing you have to ask yourself is: what will drive people to buy your product or service?

### **MARKETING**

Marketing is of great importance to business. After all, in order to appear on the market and then increase sales, companies must take care of promotion. It is not easy to reach the target group and then convince them to familiarize themselves with the offer and finally - to make a purchase. In short, it can be said that the role of marketing in modern business comes down to increasing profits. However, this requires taking a number of actions, staying up to date with industry news, researching the needs of potential customers and developing strategies. Without good marketing, it's easy to fall behind the competition.

Today, marketing has primarily seven functions. These are:

- Distribution
- Financing
- Market research
- Price fixing
- Product and service management

- Promotion and sale

## **SALES**

Business has to sell. And a business that does not sell is not a business, but a non-profit. Sales are the key to the success of any business. Even the best idea, technology, solution can be thrown in the trash - if it doesn't sell. In the sales strategy, it is crucial to define the following information: what we sell, to whom, how, in what form, through what channels, what sales roles will be played by specific sellers, how the sales process will be defined, what will be the priorities of actions. Today, these are strategic decisions in the company, hence the role of sales is strategic and should be thought about from the beginning.

## **VALUE DELIVERY**

A business has to deliver value for customers, it means that it has to deliver what it promises. Customer expectation is already high at the beginning of the sales process. Adapting the offer to the diagnosed needs of customers is the key task of a "sales department". This sphere of activities of business is subject to the greatest and most frequent changes; customer expectations are changing under the influence of fashion and new technologies, and more attractive products than ours appear on the market every now and then. Therefore, being vigilant and responding quickly to differences between customer needs and our so-called value proposition is one of the most important challenges facing every company today. And as soon as the purchase is made, the performance of the delivery must surpass expectations if you want them to buy from you again and recommend your business to their friends.

## **FINANCE**

The decision to start your own business is a very serious step. That's why it's worth analysing the planned project in financial terms from the beginning in order to:

- 1) specify how much money you need to start your business,
- 2) determine the real fixed costs that you will incur, as well as estimate the variable costs,

3) specify the final prices of your product/service and the level of production and sales that are necessary to achieve business profitability,

4) count how much money you need until your business starts and brings financial benefits.

Performing such an exercise, properly counting financial parameters is necessary in order to be able to realistically think about achieving success.

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**External links:**

<http://alexanderdc.org/wp/wp-content/uploads/2012/10/a-guide-to-business-creation.pdf>

The intention to run a business should take into account its **profitability**, i.e., the forecast that we will make a profit and when. Therefore, before we start a business we should anticipate through calculations and collected information, or through our own assessments, whether our undertaking will be profitable, whether we will make a profit and when it will happen.

**References**

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[https://www.researchgate.net/publication/321610634 New Business Creation An International Overview](https://www.researchgate.net/publication/321610634_New_Business_Creation_An_International_Overview)  
<https://www.inc.com/resources/startup/articles/20050801/process.html>  
<https://bassa.medium.com/business-creation-definition-and-stages-6b0d2efb2f3>

# CREATIVE THINKING

## Scope

This chapter aims to introduce the context of creative thinking. To achieve this, we explore the creative thinking concept and its relationship with teaching and learning activities. In the next section, we focus on delimiting creative thinking timeline and its usefulness in the education field. We also provide the method and methodology of creative thinking as well as a model of creative thinking and offer several resources to explore the usefulness of the method.

## Expected outcomes

- identifying the elements that define creative thinking
- understanding the usefulness of the methodology
- identifying the methods and methodologies used in creative thinking



## DID YOU KNOW?

*Creative thinking and agile management are connected. Agile methodologies are likely to be implemented when creative thinking is stimulated in an organization.*



## WHAT IS CREATIVE THINKING?

***Creative thinking refers to the ability of individuals to generate, evaluate and improve original and effective ideas, with the help of imagination, for solving different problems.***

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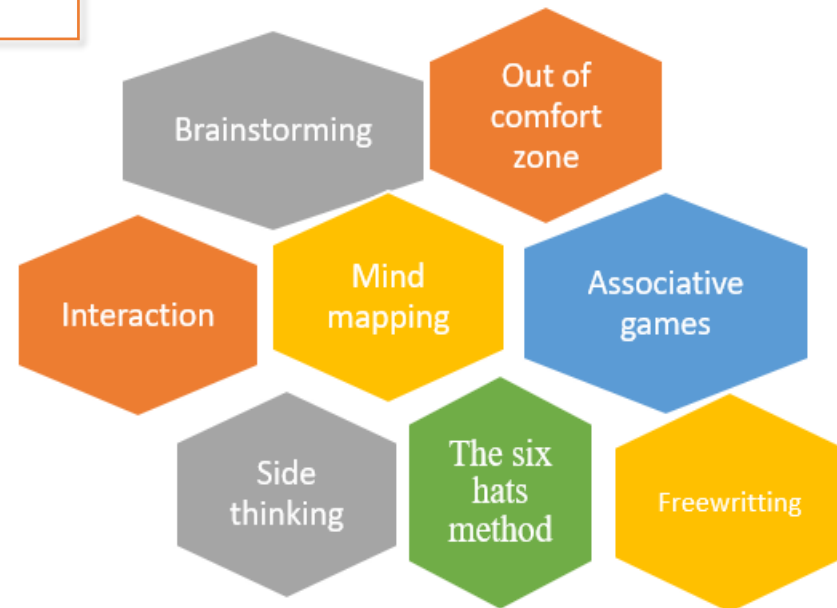
### **BACKGROUND:**

*Creative thinking was first mentioned in 1967, when Edward de Bono described it as the ability of a person to find original solutions to complicated problems (Edward de Bono, 2011). Since then, many initiatives by public authorities and international organizations have included creative thinking in their agenda. For example, OECD required that by 2030*

*educational fields comply and include creative thinking and learning techniques in their curricula, among critical thinking or emotional intelligence.*

---

**METHODS AND TECHNIQUES OF  
CREATIVE THINKING  
STIMULATION**



**Stimulating creativity can be achieved through:**

- ✓ *Critical thinking*
- ✓ *Change of perception*
- ✓ *Innovation embracement*
- ✓ *Different methods and techniques*

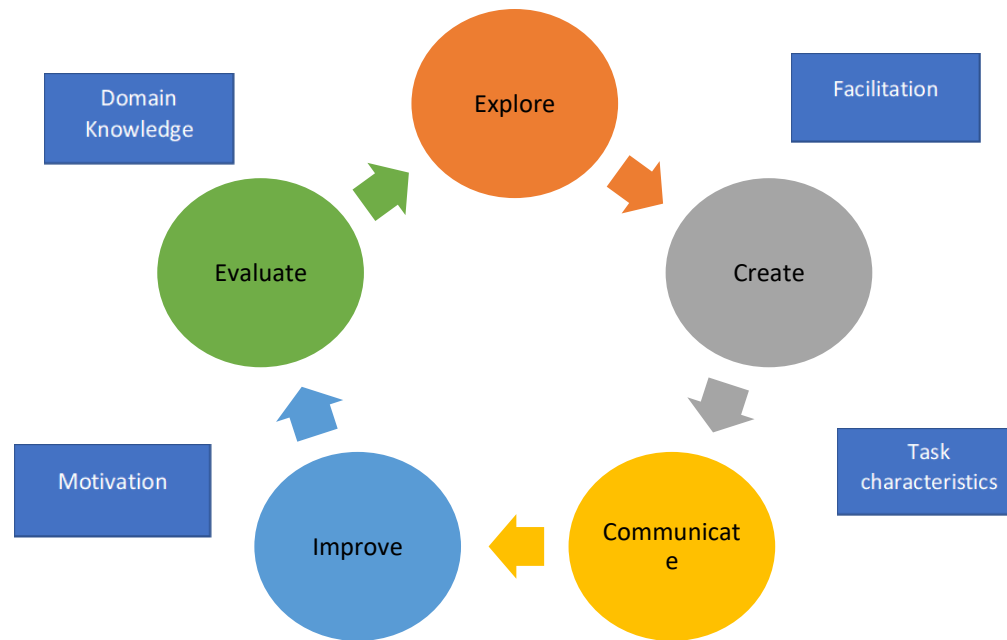
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## **HOW DOES IT WORK?**

Over time, many researchers developed different models of stimulating creative thinking, but also creative learning and assessment. For example, Rosen et al. in 2020, defined five keywords that define creative thinking: explore, create,

communicate, improve, evaluate and four factors that influence it: knowledge, motivation, facilitation, and task characteristics.

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**MODEL OF CREATIVE THINKING LEARNING AND ASSESSMENT**

Source: Rosen et al., 2020



**TIP !**

*Adapt the method or the technique to each organization for achieving the creative thinking goals.*

**External links and addition reading:**

[Education 2030](#)

[PISA Creative Thinking Framework](#)

[Design for Creative Thinking, Learning and Assessment in Schools](#)

## Resources

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*de Bono, E. (2011). Lateral Thinking, Harper Collins Publisher, ISBN: 0060903252*  
*[https://www.oecd.org/education/2030/E2030%20Position%20Paper%20\(05.04.2018\).pdf](https://www.oecd.org/education/2030/E2030%20Position%20Paper%20(05.04.2018).pdf), p. 5*

# DESIGN THINKING

## Scope

This chapter aims to introduce the context of design thinking. To achieve this, we explore the design thinking concept and its relationship with teaching and learning activities. In the next section, we focus on delimiting design thinking usefulness in the education or management field. We also provide an example of how design thinking works and offer several resources to explore the usefulness of the method.

## Expected outcomes

- identifying the design thinking concept
- understanding the usefulness of design thinking for education or management purposes
- summarizing the steps in achieving a design thinking approach
- identifying the focus of design thinking



## WHAT IS DESIGN THINKING?

***Design thinking is an agile management method oriented towards the client/persona/user. Product or service development is based on the target group.***

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### **BACKGROUND:**

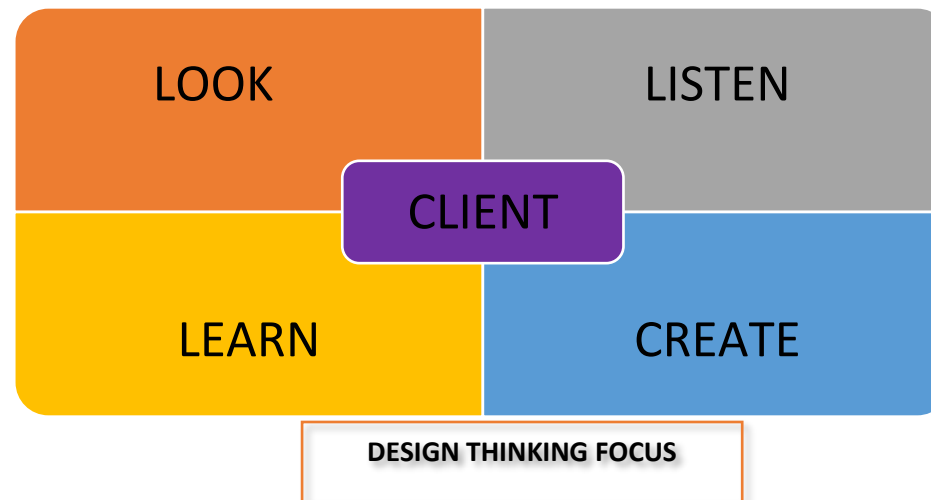
*Design thinking has received much attention lately, while there is no single definition of the concept. IDEO company, responsible for popularizing the concept, affirms that design thinking is a strategy or a method, as well as "a way of seeing the world". (Design Thinking Website, accessed 2022). From this, it is assumed that design thinking is a mindset, an outlook or a pattern of thought aimed at creating new products / services to fulfill a human (client) need.*

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## DID YOU KNOW?

*Teamwork is key in design thinking so many educational institutions use teamwork for educational purposes (Guaman-Quintanilla et al., 2022).*



**Design thinking process activities:**

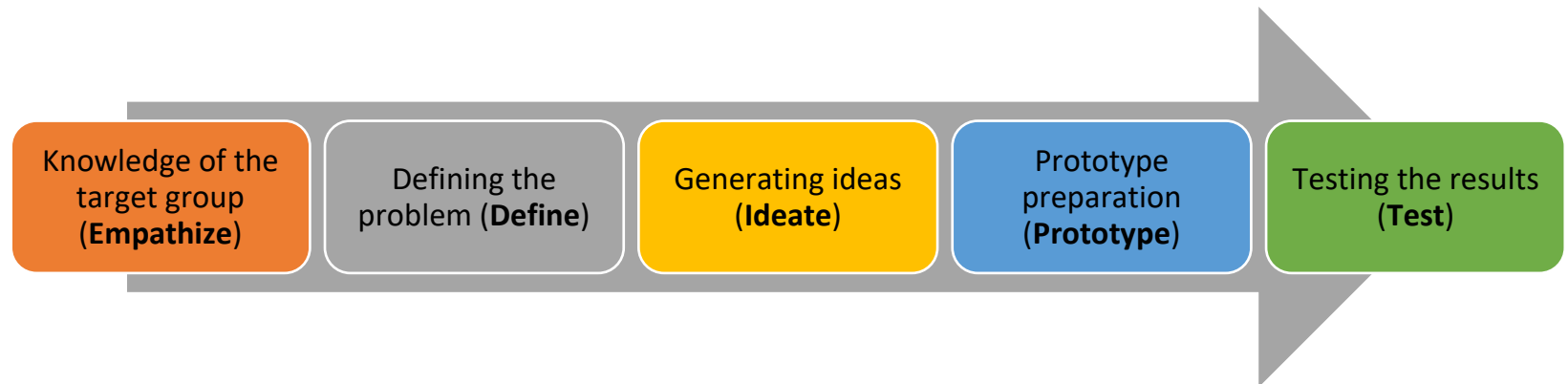
- |                              |                                    |
|------------------------------|------------------------------------|
| ✓ <i>Need identification</i> | ✓ <i>Learning</i>                  |
| ✓ <i>Motivation</i>          | ✓ <i>Analyze</i>                   |
| ✓ <i>Listening</i>           | ✓ <i>Creation</i>                  |
| ✓ <i>Observation</i>         | ✓ <i>Creative solution finding</i> |

---

## HOW DOES IT WORK?

The methodology of design thinking allows total flexibility among users of this method, but there are some mandatory "check-points":

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#### Design Thinking Steps

Source: [Design Thinking topic](#), accessed 2022



#### TIP !

Follow design thinking steps when a new product/service is identified as needed by the target group.

#### External links and addition reading:

[IDEO Design Thinking Website](#)

[Design Thinking Master Course](#)

#### Resources

Guaman-Quintanilla, S.; Everaert, P.; Chiluiza, K.; Valcke, M. (2022). *Fostering Teamwork through Design Thinking: Evidence from a Multi-Actor Perspective*. Educ. Sci., 12, 279.

IDEO, Design Thinking Website, <https://designthinking.ideo.com/>



# BUSINESS STRATEGY

## Scope

This document provides a basic introduction to the concept of business strategy, specifically focusing on strategic management which includes strategic thinking and planning. Business strategy entails adjusting an organization to suit its business surroundings. Strategic management, which is intricate and constantly evolving, guides the entire organization and involves creating and executing strategies that are deemed appropriate by the companies to achieve their objectives.

## Expected outcomes

- An overview of the concept of business strategy
- An introduction to the theory of strategic management and planning
- Comprehension of the constituents of a strategic plan
- Understanding the objectives that a well-crafted strategic plan would aim to achieve

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## **BACKGROUND/DESCRIPTION:**

*In the realm of management, strategic management pertains to the development and implementation of important goals and initiatives by the managers of an organization, for the benefit of stakeholders. This process encompasses an evaluation of both the organization's internal and external environment, as well as its available resources. It involves defining the organization's objectives, formulating policies and plans to accomplish those objectives, and ultimately allocating resources to carry out the plans.*

---

## Introduction. Theory of strategic management

The first purpose of strategic management is to offer general guidance to the enterprise. In 1980, Michael Porter provided a definition of strategy as a comprehensive plan for a business that outlines its competition tactics, goals, and the necessary policies for achieving those objectives. Porter referred to strategy as a combination of a company's objectives (ends) and the methods

(policies) it intends to use to achieve them. He emphasized that the primary focus of developing a competitive strategy is to align the company with the environment.

Strategic planning and strategic thinking are closely interconnected concepts in strategic management. Strategic planning entails a formal analytical process that produces the data and analyses utilized in strategic thinking, which in turn integrates the information to generate the strategy. Furthermore, strategic planning may incorporate control mechanisms employed to execute the strategy after its creation. Essentially, strategic planning encompasses the activity of strategic thinking or strategy formation.

Strategic management generally comprises two significant processes: strategy formulation and implementation. Although these processes are sequential, in reality, they are iterative and provide input to one another.

The strategy formulation process involves examining the operating environment of the organization and making a series of strategic decisions on how it will compete. This process concludes with the establishment of a set of objectives or goals and performance indicators for the organization to pursue. The environmental analysis includes the following factors:

- The remote external environment, consisting of the political, economic, social, technological, legal, and environmental factors (PESTLE analysis).
- The industry environment, encompassing the competitive conduct of rival organizations, the bargaining power of buyers/customers and suppliers, threats from new entrants to the industry, and the ability of buyers to substitute products (Porter's five forces).
- The internal environment, pertaining to the strengths and weaknesses of the organization's resources, such as its people, processes, and IT systems.

STRATEGY IS THE DETERMINATION OF THE BASIC LONG-TERM GOALS OF AN ENTERPRISE, AND THE ADOPTION OF COURSES OF ACTION AND THE ALLOCATION OF RESOURCES NECESSARY FOR CARRYING OUT THESE GOALS.

ALFRED CHANDLER

The second critical process in strategic management is implementation, which involves deciding how the organization's resources (people, processes, and IT systems) will be aligned and mobilized to achieve the objectives. Implementation entails structuring the organization's resources (e.g., by product, service, or geography), determining leadership arrangements, communication methods, incentives, and monitoring mechanisms to track progress towards objectives, among other aspects.

Day-to-day management of the business is typically known as "operations management" or specific terms for key departments or functions, such as "logistics management" or "marketing management." These departments assume responsibility once strategic management decisions are executed.

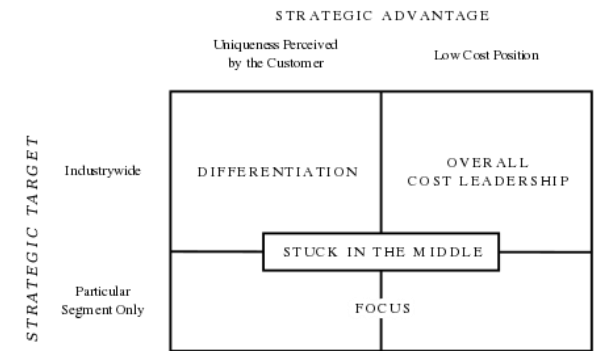
In the field of strategic management, Michael Porter identified three generic strategies that are applicable to businesses of all sizes and types: cost leadership, differentiation, and focus. Porter suggested that a company should choose only one strategy to avoid wasting resources, as these strategies involve balancing cost minimization, product differentiation, and market focus.

Porter also noted that a company can target multiple segments of an industry, and the breadth of its targeting determines its competitive scope. He identified two types of competitive advantage: lower cost and differentiation relative to rivals.

To achieve a competitive advantage, a company must make a choice about the type of advantage it seeks and its scope. The three generic strategies for achieving above-average industry performance are cost leadership, differentiation, and focus. The focus strategy includes cost focus and differentiation focus variations.

Porter's concept of choice was a new perspective on strategy, as the 1970s paradigm was centered on pursuing market share through the experience curve. Pursuing the highest market share to gain cost advantages aligns with Porter's cost leadership generic strategy, while differentiation and focus strategies presented a fresh way of thinking about strategy.

Ellen Earle-Chaffee suggests that strategic management can be planned or unplanned and takes place at various levels, including overall corporate strategy and individual business strategies. Furthermore, strategic management necessitates both conceptual and analytical thought processes. Chaffee also mentioned three non-mutually exclusive strategy models:



- The first model is the linear strategy, which entails planned goal determination and resource allocation with a long planning horizon.
- The second model, adaptive strategy, focuses on the organization's adaptation to the environment, with more emphasis on resource mobilization than on goals.
- The third and more recent model, interpretive strategy, is concerned with creating metaphors and symbols to influence stakeholders and establish credibility in their minds, rather than focusing on the physical product of the organization.

### Elements of a business strategy

Business strategy refers to the overall plan and direction that a company takes to achieve its goals and objectives. It involves making decisions about how the company will allocate its resources, how it will compete in the marketplace, and how it will create value for its customers and stakeholders. The following are important components of an effective business strategy:

- Vision and Mission: These provide the overall direction and purpose of the business.
- Market Analysis: A comprehensive understanding of the market and industry in which the company operates is crucial to developing an effective strategy.
- Competitive Analysis: Analyzing the company's competitors, including their strengths and weaknesses, can help identify areas where the company can gain a competitive advantage.
- SWOT Analysis: A SWOT analysis can help the company identify its own strengths and weaknesses, as well as potential opportunities and threats in the marketplace.
- Goals and Objectives: The company's goals and objectives should be specific, measurable, achievable, relevant, and time-bound.
- Implementation Plan: An implementation plan outlines the specific actions the company will take to achieve its goals and objectives.
- Monitoring and Evaluation: Regularly monitoring and evaluating progress toward goals and objectives allows the company to adjust its strategy as necessary.

Overall, a successful business strategy should be flexible and adaptable, allowing the company to respond to changing market conditions and new opportunities.

## Successful businesses as a result of strategic management

In their research on successful companies, James Collins and Jerry Porras found that these businesses shared a core ideology that fostered a long-lasting organization and motivated employees. They argue in their book *Built to Last* that focusing on short-term profit goals, cost-cutting measures, and restructuring do not incentivize workers to build a company that endures. Collins went on to create the term "built to flip," which characterizes the business culture in Silicon Valley that prioritizes technological advancements over a long-term strategy. He also introduced the concept of BHAG, or Big Hairy Audacious Goal.

Will Mulcaster suggests that companies engage in a dialogue that centers on questions such as whether their proposed competitive advantage will create differential value, how it differs from the competition, whether it will add value to potential customers, and whether the product or service will add value to the firm, which involves assessing cost-effectiveness and pricing strategy. Similarly, Arie de Geus studied companies that had been successful for 50 years or more and identified four key traits that enabled their endurance: sensitivity to the business environment, cohesion and identity, tolerance and decentralization, and conservative financing. He referred to such a company as a living company, which is an organic entity capable of learning, creating its own goals, processes, and persona.

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# INTERNATIONAL MANAGEMENT FUNDAMENTALS

## Scope

In this document, you will find a fundamental overview of International Business Management, which refers to the management and operation of a business that spans multiple countries. This field entails examining various business functions, including finance, marketing, operations, and human resources, within the framework of international markets and the intricate cultural and political disparities that arise. In today's interdependent world, where businesses face multifaceted global challenges, the study and practice of international business management are essential for businesses to prosper and flourish.

## Expected outcomes

- Defining the concept of international management
- Key understandings of the dimensions and complexity of international management
- Provide insights for the learners on what aspects they should have a more in-depth view and a hands-on approach

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## **BACKGROUND/DESCRIPTION:**

*International management encompasses comprehending international economics, spearheading change in multinational corporations, and devising global business strategies. Several vital aspects of international business management include gaining insight into diverse cultures, overseeing international trade, maneuvering through distinct countries' legal and regulatory frameworks, adjusting to local market circumstances, and managing global teams and operations.*

---

## Introduction

International management describes the management of a company's operations that serves markets and operates in multiple countries. This entails having knowledge and skills that go beyond conventional business expectations, including a thorough

understanding of the local market and competitive conditions, the legal and financial environment, and the ability to handle multicurrency transactions and cross-border management.

The above explanation highlights the requirement for a more sophisticated set of skills that go beyond managing operations within a single country, including a profound understanding of local circumstances and the capacity to adjust to them. Comparable to strategic management and management theories, international management can be viewed as encompassing functional areas like marketing, finance, and personnel/organization.

Professionals in the field of international business management may work in a variety of settings, including multinational corporations, non-profit organizations, government agencies, and consulting firms. They must possess strong communication, negotiation, and leadership skills, as well as a deep understanding of global markets and international trade.

### **Key Aspects of Opportunity and Strategy for Internationalization**

There are a variety of approaches to international management, including exporting, establishing export strategies, utilizing international agents or partners, maintaining direct sales forces, or setting up supply and production facilities abroad. However, acquiring foreign businesses presents unique risks.

George Yipp's book, "Total Global Strategy: Managing for Worldwide Competitive Advantage," is a well-regarded text in the field of international management. Yipp emphasizes that developing an international strategy involves more than considering typical competitive strategy factors. To determine the extent of a market's global reach, it is essential to assess the market's global nature in production and sourcing operations, and the presence of globally common competitors. The degree to which competitors can coordinate an attack or defense against a company may also vary significantly. These complex contexts raise important questions for companies, especially those in the early stages of operations.

Key questions for companies to consider include whether their markets are global, to what extent, and what options exist for dealing with these opportunities and threats. Additionally, it's important to assess the attractiveness of these opportunities and

INTERNATIONAL MANAGEMENT  
FOCUSES ON UNDERSTANDING  
DIFFERENT CULTURES, MANAGING  
INTERNATIONAL TRADE, NAVIGATING  
LEGAL AND REGULATORY  
FRAMEWORKS IN DIFFERENT  
COUNTRIES, ADAPTING TO LOCAL  
MARKET CONDITIONS, AND

their implications in the long term. If a business decides to pursue internationalization, it should also identify its strategic objectives.

Although markets may have global aspects, they may not be fully global. For instance, while the car market is global in terms of distribution and marketing, it still depends on domestic production. In international management, the saying "think global but act local" is a helpful guideline. HSBC's humorous ads emphasize the significance of understanding local customer culture.

Although borders and cultures remain, technological advancements and the prevalence of English as a common language have made crossing them easier than ever before. Therefore, businesses must consider their international marketplace and a dedicated session on this topic could be a valuable addition to any board's agenda.

### **Factors that drive internationalization**

Based on extensive research and critical analysis to determine the reasons why firms choose to internationalize, it became evident that domestic market drivers, such as domestic competitive environments and levels of domestic demand, were the primary motivating factors.

However, it was also recognized that chance factors, such as war and natural disasters, as well as governmental policies, could be incredibly influential in a firm's decision to internationalize and could also determine its success rate.

It should be acknowledged that, as Porter suggests, firms do not necessarily need abundant domestic demand to compete internationally. Instead, they can succeed in international markets as long as they acquire a competitive advantage over their international rivals.

As an orientation for why these factors can influence the decision for internationalization, we could keep account of aspects such as:

- Market growth and saturation: Businesses may seek to expand internationally to tap into new markets and increase their customer base, especially if their domestic market is already saturated.
- Economies of scale and cost savings: Internationalization can allow businesses to benefit from economies of scale and reduce production costs, as they can take advantage of lower labour costs and access to cheaper resources in other countries.



- Increased competition: Domestic competition can drive businesses to seek new markets and become more competitive by improving their operations and processes. Internationalization can also help businesses to stay ahead of the competition by accessing new technologies and best practices.
- Access to new technologies and resources: Businesses may seek to expand internationally to gain access to new technologies and resources that are not available in their domestic market.
- Government incentives and policies: Governments may offer incentives and policies to encourage businesses to expand internationally, such as tax breaks, grants, or preferential treatment.
- Diversification and risk reduction: Internationalization can help businesses to diversify their operations and reduce their exposure to risk, such as economic or political instability in their domestic market.
- Customer demand: Businesses may expand internationally in response to customer demand for their products or services in other countries.

Overall, it might be stated that the decision to internationalize a business is often driven by a combination of these factors, as well as the company's strategic goals and resources.

### **Aspects to be considered for a successful internationalization process**

The strategy and structure of a company play a crucial role in its success in domestic markets. A firm's professional standards, attitudes towards authority, and interpersonal relationships among employees are essential components of its organizational strategy and structure. Domestic competition creates an environment in which firms are motivated to improve their operations and processes, making them better prepared for internationalization. However, social norms and cultural differences can be major hindrances to firms seeking to expand internationally.

To ensure successful internationalization, firms must pay close attention to cultural differences and strategically implement human resource management practices that take these differences into account. Failure to do so can result in costly mistakes that damage a business's prospects for success.

For firms operating in relatively small domestic markets, internationalization may be necessary to expand sales and grow the business. Moreover, firms may choose to operate in countries with larger populations or higher disposable incomes to take advantage of market opportunities.

As firms internationalize, they can benefit from economies of scale and labour cost savings, often leading to the offshoring of manufacturing processes. Small and medium-sized enterprises (SMEs) that operate in highly competitive domestic markets may choose to internationalize to become globally competitive. However, such firms face numerous challenges, including foreign legal implications, government policies, and language barriers.

To summarize, a company's success in internationalization hinges on the strategic and structural aspects of its operations. Cultural nuances and thorough evaluation of market opportunities, economies of scale, and cost-saving measures are pivotal in achieving success. Being aware of potential risks is equally important as it can prevent failure and learn from the experiences of other companies.

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# INTELLECTUAL PROPERTY FUNDAMENTALS

## Scope

This chapter aims to introduce the trainers and students to the concept and practice of intellectual property as one of the most important concepts, often overlooked by young entrepreneurs. We will also cover the different forms of intellectual rights and basic information on the necessary steps to apply for securing property rights within the EU.

## Expected outcomes

- Defining the concept of intellectual property
- Key understandings on the benefits of protecting and exploitation of intellectual property rights
- Provide key understandings to help entrepreneurs secure their IP rights

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## **BACKGROUND/DESCRIPTION:**

*Intellectual property rights are important because they promote innovation, encourage investment in research and development, and provide creators and inventors with economic incentives to create new works and inventions. Legal protection of intellectual property rights allows creators and inventors to profit from their work and prevents others from profiting from their work without permission.*

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## Concept

Activities related to intellectual property (IP) encompass safeguarding and utilizing knowledge, which may be created via research and development, software development, engineering, design, or other creative endeavors. IP activities involve all administrative and legal tasks that relate to seeking protection, registration, documentation, management, trading, licensing-out, marketing, and enforcement of an organization's own IP rights (IPRs). These activities also include obtaining IPRs from other entities through licensing-in or outright purchase, as well as selling IP to third parties. IPRs can

comprise patents, utility patents, industrial designs, trademarks, copyright, integrated circuit designs, plant breeder's rights (for new plant varieties), geographical indications, and confidential information, such as trade secrets.

IP-related activities can be considered innovation activities when they involve generating ideas, inventions, or novel or enhanced products or business processes during the observation period. Such activities may include applying for IP rights for an innovation or invention, licensing-in the right to use an invention or innovation, or licensing-out IP for inventions and innovations. However, any IP activities for inventions made before the observation period or for products and business processes that existed before the observation period should be excluded from this definition.

INTELLECTUAL PROPERTY REFERS TO CREATIONS OF THE MIND, SUCH AS INVENTIONS, LITERARY AND ARTISTIC WORKS, SYMBOLS, NAMES, AND IMAGES USED IN COMMERCE, WHICH ARE PROTECTED BY VARIOUS LEGAL MECHANISMS.

### Forms of intellectual property

Patents, trademarks, copyrights, industrial designs, trade secrets are all forms of intellectual property protection that provide legal rights to their owners to prevent others from using their intellectual property without permission. However, they differ in their purpose, scope, and the type of intellectual property they protect.

- Patents

Patents protect inventions and technological innovations, such as machines, processes, and products. Through patents, the owner is granted sole rights to produce, utilize, and market their invention for a restricted time frame, typically 20 years from the filing date. In return, the inventor must reveal the invention to the public in a patent application, which becomes a publicly accessible document.

- Trademarks

Trademarks refer to words, symbols, or designs employed to differentiate the products or services of one entity from those of others. Trademarks provide exclusive rights to use the mark and prevent others from using a similar mark in a

way that could confuse consumers. Trademarks can be registered with the government to obtain additional legal protections, but they can also be protected by common law through use in commerce.

- Industrial Designs

Industrial designs protect the visual appearance of a product, including its form, pattern, or color. Unlike patents, which cover a product's function or manufacturing process, industrial designs safeguard its aesthetic features. Legal protection for industrial designs may be acquired by registering them with the government.

Trade secrets: confidential information that provides a competitive advantage, such as formulas, designs, or customer lists.

- Copyright

Copyright safeguards original works of authorship, such as literature, music, movies, and software. The copyright holder is granted sole rights to copy, distribute, perform, and exhibit the work, as well as create derivative works based on the original. The duration of copyright protection depends on the country, extending for the author's lifetime plus a specified number of years after their death.

In summary, patents protect inventions, trademarks protect brands, industrial designs protect product designs, and copyright protects original works of authorship. Each type of intellectual property has its own requirements for registration and protection, so it is important to understand the differences to ensure that your intellectual property is properly protected.

## **How to file for a patent in the European Union (EU)**

To file for a patent in the EU, you can follow these general steps:

1. Determine eligibility: The invention must be new, involve an inventive step and be capable of industrial application to be eligible for a patent.

2. Conduct a search: Prior to submitting a patent application, a search must be conducted to ensure that the invention is novel and not previously patented or described in any existing publications.
3. Choose a filing route: An application can be filed with either the European Patent Office (EPO) or the national patent offices in the EU member states. Choosing the EPO allows for a single patent application covering multiple EU member states.
4. Prepare the application: A description of the invention, relevant diagrams or drawings, claims defining the scope of the invention and information related to background and prior art are required for the application.
5. Submit the application: Once the application is complete, it can be submitted to either the EPO or the national patent office(s) where protection is desired, along with the appropriate fees.
6. Wait for examination: A patent examiner will review the application to determine whether it meets the criteria for patentability. This process can take several years.
7. Receive a decision: If the application is approved, a patent will be granted, providing protection in the EU member state(s) where the application was filed. Renewal fees must be paid to maintain the patent.

It is recommended to consult with a patent attorney or agent for assistance with filing a patent application in the EU. They can provide guidance on the filing requirements and procedures, and assist with navigating the examination process.

## References

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WIPO (2022). World Intellectual Property Report 2022: The direction of innovation. Geneva: WIPO  
<https://www.euipo.europa.eu/ohimportal/en/>  
[https://intellectual-property-helpdesk.ec.europa.eu/regional-helpdesks/european-ip-helpdesk/europe-infographics\\_en](https://intellectual-property-helpdesk.ec.europa.eu/regional-helpdesks/european-ip-helpdesk/europe-infographics_en)

# TECHNOLOGY TRANSFER FUNDAMENTALS

## Scope

This chapter aims to introduce the trainers and students to the concept of technology transfer as a driving tool for innovation and business development and sustainability. In the context of digital entrepreneurship, the topics inside technology transfer would allow the young entrepreneurs to understand the importance of having a clear path regarding the methodology of developing novel products and services that they would later bring to market and eventually license to other business partners or acquiring technology already available on the market in order to support their business idea.

Besides the basic concepts, we will also explain the process behind a technology transfer and phases such a process imply. We will also provide a series of context examples in which technology transfer can operate.

## Expected outcomes

- Explaining what technology transfer means
- Key understandings on the benefits of using technology transfer as an innovation support mechanism
- Provide the tools to help entrepreneurs enhance their idea

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### **BACKGROUND/DESCRIPTION:**

*Technology transfer aims to make it easier to bring new ideas and inventions into the marketplace, leading to the development of novel products and services. In addition, it has the potential to foster economic progress, generate employment opportunities, and enhance people's standard of living by increasing the accessibility of cutting-edge technologies.*

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## Concept

The term "technology transfer" denotes the act of passing on information, innovations, or intellectual property from one person, entity, or organization to another. This can involve transferring of the technology from research institutions to private companies, from one company to another, or from universities to startups and regards the transfer of intellectual property, knowledge, and skills from the inventor or developer to the recipient organization.

Technology transfer can take many forms, including licensing agreements, joint ventures, technology incubators, and spin-off companies. It often involves a complex legal and financial process, intellectual property rights challenges and risk management associated with technology development and commercialization.

## Technology transfer process

The technology transfer process involves the following steps:

- Invention or creation: The technology transfer process begins with the development of an idea or invention. This could be a new product, process, or a technique.
- Protection of intellectual property: Once the invention has been created, the intellectual property needs to be protected. This can be done through patents, trademarks, or copyrights.
- Evaluation: The invention needs to be evaluated to determine its commercial viability. This involves assessing the potential market demand, the competition, and the cost of development.
- Marketing: If the invention is found to be commercially viable, it needs to be marketed to potential licensees or investors. This involves developing a marketing plan, identifying potential partners, and pitching the invention to them.
- Negotiation: Once a potential licensee or investor is identified, the parties negotiate the provisions of the technology transfer agreement. This can include licensing fees, royalties, and other terms.

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TECHNOLOGY TRANSFER IS A CATALYST  
FOR INNOVATION AND TECHNOLOGICAL  
DEVELOPMENT AND ADOPTION,  
BENEFITING INNOVATORS, COMPANIES  
AND PUBLIC.



- Technology transfer: Once the agreement is signed, the technology is transferred from the inventor or developer to the recipient organization. This can involve training, technical support, and other forms of assistance to ensure that the recipient organization can effectively utilize the technology.
- Monitoring and review: The technology transfer process does not end once the technology has been transferred. The parties involved need to monitor the use of the technology and review the agreement periodically to ensure that it remains effective and relevant.

Overall, technology transfer is a complex and multifaceted process that requires a significant amount of effort and resources from all parties involved.

### **Examples of technology transfer processes**

As previously noted, technology transfer involves the sharing of knowledge, technology, and intellectual property from one party to another. The following examples illustrate technology transfer in action:

- Licensing agreements: A company may license its technology or intellectual property to another company for a fee or a percentage of sales.
- Collaborative research: Companies and universities may collaborate on research projects to develop new technologies and share the resulting intellectual property.
- Spin-offs: When a university or research institution develops new technology, it may create a spin-off company to commercialize the technology
- Joint ventures: Two or more companies may form a joint venture to develop new technologies and share the intellectual property.
- Mergers and acquisitions: A company may acquire another company for its technology or intellectual property.
- Open-source software development: permits the exchange of technology and intellectual property at no cost among between software developers.

- Patent licensing: Companies may license their patents to others in exchange for a fee or a percentage of sales.
- Franchising: Franchisees may be provided with technology or intellectual property developed by the franchisor.
- Training programs: Companies may provide training to other companies to transfer knowledge and skills related to technology and intellectual property.
- Technology incubators: Incubators may provide resources and support to startups to help them develop and commercialize new technologies.

### **References**

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OECD/Eurostat (2018). Oslo Manual 2018: Guidelines for Collecting, Reporting and Using Data on Innovation, 4th Edition, The Measurement of Scientific, Technological and  
Innovation Activities, OECD Publishing, Paris/Eurostat, Luxembourg.  
Axinte, S (2020). Technology Transfer: Training Course. CIT-IRECSON Training Center, Bucharest, Romania

# INNOVATION MINDSET

## Scope

The aim of this section is first to explain the process of innovation mindset and discuss its essential elements.

The main purpose is also to show you the steps that you can take to implement an innovation mindset within your business.

## Expected outcomes

- To understand what an innovation mindset is.
- To acquire the knowledge on how to implement it in your business.



## DEFINITION

***The innovation mindset is a certain attitude towards what is going on. This is above all openness and willingness to act. It concentrates on new products, processes, propositions, or business models in order to create added value for customers and employees.***

***It is a set of attitudes, inclinations, interests, and cultures that acknowledge, prioritize, and understand the role and significance of innovation in a company's growth and development.***

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## **BACKGROUND/DESCRIPTION:**

*In recent years, the term "innovation mindset" has gained strength among scholars. It emerges as a semantic symbol of this effort to get organizations moving toward the innumerable possibilities for innovation creation and the nature of individuals actively involved in the process.*

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## QUICK FACTS SECTION

*"The drivers of innovation mindset:  
Willingness to create  
Willingness to make a difference.  
Willingness to learn from failures."  
by Jorge Vienneke*

## Elements of INNOVATION MINDSET

An innovation mindset is about what you believe, how you see things, how you behave and what you do to make change happen. It is comprehensive. Your mindset is an important part of your personality, but it is based on your beliefs. However strong they are, you can change your beliefs. While changing your mindset is neither an easy nor a quick process, the great news is that you've already taken the first step!

### **1. Belief – What motivated you to start and keep going on the innovation? Why was it important to come up with a solution?**

Faith in what is being done is the most important factor. Only when we are sure of ourselves, can we convince customers of a new idea (sometimes it is also necessary to convince decision-makers in the company). The most innovative companies start out not as leaders, but as small, faith-filled companies, while large companies are often over-cautious... or rather, fear personal responsibility for a possible failure of the product.

### **2. Perspectives – what key contributions did you make to the innovation?**

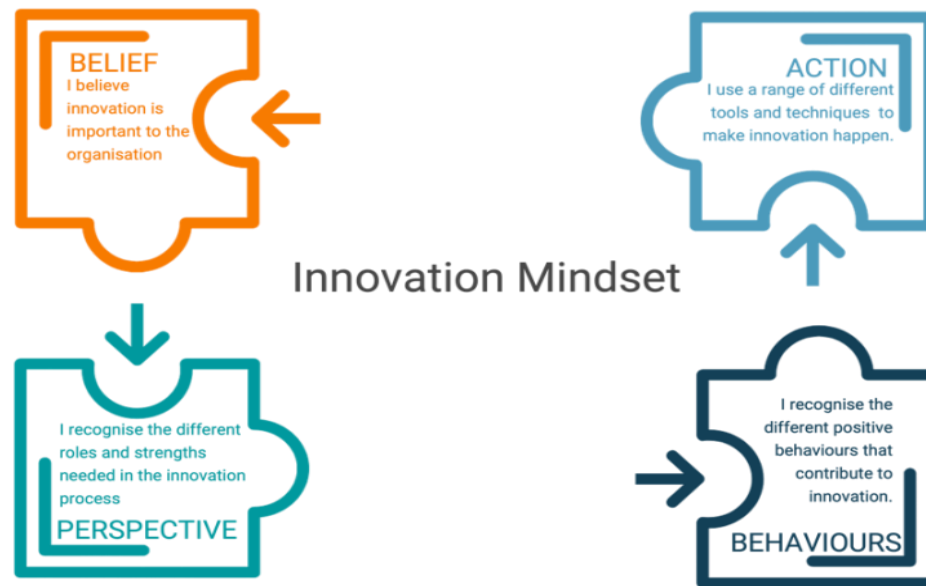
One of the most valuable resources of an organization are people. It is people who create and introduce innovations, and their attitude towards innovation is the most important. The leader plays a very important role in shaping innovative attitudes in the company. Leaders should be open to ideas and initiatives of employees, they should support them, not inhibit them. They must also trust their employees by creating the right working atmosphere based on cooperation, loyalty and trust. Employees must, however, be aware of the real impact of innovation processes in the company.

### **3. Behaviours – how did you help the team succeed?**

Innovation behaviour refers to activities that result in generating ideas, new and useful, and then generating their implementation. Therefore, you have to ask yourself: What did others in the team contribute? It can be an open mind, curiosity, imagination, helpfulness, enthusiasm.

### **4. Take Action.**

No behavior will positively impact innovation if you don't take action. Since innovation is about creating something new that is completely uncertain, the only way we can know what to do next is to just start doing something. It seems more difficult than it really is because staying in the information gathering phase is convenient and allows us to feel safe.



### How to implement an innovation mindset in your business?

There are several steps that you can take to implement an innovation mindset in your business:

#### Step 1: Develop an Innovation Strategy

The innovation strategy is a concept that regulates activities in the area of innovation, separate from the business strategy. The innovation strategy focuses on processes aimed at stimulating innovation in the company and its environment. It allows you to identify changes taking place in the area of innovation, determine their impact on the functioning of the company and plan your own actions to achieve the intended goals.

Therefore, you have to define **relevant tools** and methods with your designated supervisors and managers, including metrics and performance indicators that would measure efficiency, progress, and success.

### **Step2: Set up an innovation committee**

Bring together a select group of professionals and give them the mission of fostering innovative culture. It has to be a multidisciplinary and multi-hierarchical committee. The people that create the team need to have different skills, experience, roles and positions / responsibilities. Team members who share and support other people's ideas are more helpful and effective than people who just want to keep everything to themselves.

### **Step 3: Encourage internal and external collaboration**

Another crucial point for the implementation of the innovative mentality is collaboration. It is very important to create a climate of mutual help and exchange of ideas. Therefore, you have to encourage collaboration with suppliers, customers, and business partners. These external audiences can help to visualize bottlenecks, modify processes, have disruptive ideas, among other things.

### **Step 4: Invest in Technology and Qualified Personnel**

Investing in technology does not only make your work easier, it also speeds up relevant processes and helps you do everything with convenience.

With good software and IT services, it is possible to better outline the innovation strategy, provide information and toolkits for innovation committee staff, improve communication and collaboration (internal and external), and more.


Likewise, hiring qualified professionals and thinking driven by innovation (or desire to) facilitates the generation of the corporate mindset of innovation. Putting this premise to the HR staff is well indicated.

### **Step 5: Think outside the box**

A true innovator imagines things that don't yet exist, solutions that will change the world for the better. Managers should encourage their employees to anticipate the future, think about future needs, generate ideas. The scheme is created by history, solutions by the present. That's why it's worth looking into the future.**External links:**

[https://pdf.usaid.gov/pdf\\_docs/PA00X96H.pdf](https://pdf.usaid.gov/pdf_docs/PA00X96H.pdf)

<https://hbr.org/video/2192249931001/creating-an-innovation-mindset>

-  **TIP** *Eight Ways to Develop an Innovative Mindset*
- *Curiosity trumps technical expertise.*
- *Be comfortable with the uncomfortable.*
- *Get your hands dirty.*
- *Be a voracious consumer of news and ideas.*
- *Persist.*
- *Embrace failure as part of your journey.*
- *Believe that innovation comes in all shapes and sizes.*

## References

<https://elearning.mla.com.au/lessons/elements-of-an-innovation-mindset/>  
<https://www.acceptmission.com/blog/innovation-mindset/>  
<https://www.mjvinnovation.com/blog/innovation-mindset-in-your-business/>  
<https://elearning.mla.com.au/lessons/elements-of-an-innovation-mindset/>

# BUSINESS INCUBATION

## Scope

The section aims to introduce the business incubation importance, define the main characteristics of business incubators, describe the services offered to entrepreneurs and highlight the differences between the business incubators and business accelerators.

## Expected outcomes

- To be able to define business incubators and understand their importance
- To understand the main characteristics of business incubators and their success factors
- To be able to separate a business incubator and a business accelerator



## DEFINITION

***Accelerators, incubators and so-called “company builders” are innovative investment vehicles and business service providers that have made a novel contribution to advancing entrepreneurship around the globe, helping an entire generation of young companies, and particularly high-tech startups, to grow, prosper and thrive. (“The Accelerator and Incubator Ecosystem in Europe” Eduardo Salido, Marc Sabás and Pedro Freixas Project)<sup>1</sup>***

## QUICK FACTS SECTION

*The first business incubator was created in 1959 by Joseph Mancuso in New York*

*The first accelerator program offered by Y Combinator in 2005 (Cohen et al. 2019a; Hathaway, 2016).*

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## BACKGROUND/DESCRIPTION:

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<sup>1</sup> “The Accelerator and Incubator Ecosystem in Europe” Eduardo Salido, Marc Sabás and Pedro Freixas Project ([https://www.telefonica.com/wp-content/uploads/sites/7/2022/02/The\\_Accelerator\\_and\\_Incubator\\_Ecosystem\\_in\\_Europe.pdf](https://www.telefonica.com/wp-content/uploads/sites/7/2022/02/The_Accelerator_and_Incubator_Ecosystem_in_Europe.pdf))



*The first entrepreneurship assistance systems in the US took the form of business incubators at the end of the 1950s. (Kilcrease, 2012). But until the 1980s, when a considerable number of incubators gradually started to arise, especially in the US and Europe, the concept had not received much attention. (Bruneel et al., 2012). This initial generation of incubators offered affordable office space and shared resources. (Barrow, 2001). As governments in the US and Europe coped with rising unemployment rates and new technology-based enterprises were perceived as job creators and sources of economic advancement, incubators adjusted by improving their offerings (Reich, 1991). (Tether & Storey, 1998). They started offering pro-active networking, coaching, and business counseling. (Bruneel et al., 2012).<sup>2</sup>*

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## INTRODUCTION

The process whereby a person or an organization assists the founding and expansion of a start-up is known as business incubation. Business incubators are those that assist new or startup businesses. Before assisting or providing funding to any start-up, these business incubators assess the opportunity and the growth prospects. Before making a decision to assist or fund a start-up, a start-up must be carefully chosen. To put it briefly, the purpose of incubation is to improve a business's prospects of success.<sup>3</sup>

Giving start-ups the resources and expertise they need to stand on their own two feet is the aim in every situation. While some incubators are for-profit businesses, others offer seed money and assistance in exchange for equity stakes (i.e., ownership) in the startups.

## MAIN CHARACTERISTICS OF BUSINESS INCUBATORS

- ✓ *Open-ended duration (exit is typically determined by the company's stage rather than a set time frame)*
- ✓ *Usually rent- or fee-based*
- ✓ *Emphasis on physical space over services*
- ✓ *Ad hoc admissions (not cohort-based)*

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<sup>2</sup> "The Batavia Industrial Center: The Hatching of the World's First Business Incubator", Kelly Kilcrease (2012)

<sup>3</sup> <https://efinancemanagement.com/financial-management/business-incubation>

- ✓ *Offering services like mentoring and business training*
- ✓ *Frequently offering technological facilities like laboratory equipment*
- ✓ *Strict entrance*

## TYPE OF SUPPORT OFFERED BY BUSINESS INCUBATORS

- ✓ **Co-working space:** *Physical incubators frequently offer a place for companies to collaborate and learn from one another.*
- ✓ **Networking possibilities:** *Within the incubator, you can exchange ideas with other SMEs and business owners while also receiving access to its networks.*
- ✓ **Potential investors:** *Incubators frequently provide seed cash as well as investment visibility.*
- ✓ **Workshops** *offer excellent learning opportunities since they have access to seasoned mentors and counselors.*
- ✓ **Reduced prices:** *Incubators occasionally offer items and professional services, such as accountants or attorneys, at reduced price rates.*

## SUCCESS FACTORS FOR BUSINESS INCUBATORS<sup>4</sup>

The critical success factors of an incubator concern three dimensions: 1. The community, 2. The incubator and 3. The “incubatees”. In particular, the main factors per dimension are the following:

Community	Incubator	Incubatees
✓ <i>Community support</i>	✓ <i>Perception of success</i>	✓ <i>Business attractiveness</i>
✓ <i>Entrepreneurial network</i>	✓ <i>Access to finance</i>	✓ <i>Perception of success</i>
✓ <i>Entrepreneurial education</i>	✓ <i>In-kind financial support</i>	
✓ <i>Ties to a University</i>	✓ <i>Selection &amp; monitoring for incubatees</i>	

<sup>4</sup> Policy Brief on Access to Business Start-up Finance for Inclusive Entrepreneurship (OECD, 2014)  
<https://www.oecd.org/cfe/leed/Financing%20inclusive%20entrepreneurship%20policy%20brief%20EN.pdf>

- ✓ *On-site business expertise*
- ✓ *Milestones with clear policies & procedures*

## **BUSINESS INCUBATORS VS BUSINESS ACCELERATORS**

The need for startup support has changed further as the internet already shortened the product life cycle in the early 2000s (Cao & Folan, 2012), and the dot-com bubble crash significantly reduced funding options for businesses (Goldfarb et al., 2007). In response to this new era, Y Combinator unveiled a novel idea in 2005 under the term "Business Accelerator" (Hallen et al., 2019). This innovative idea has reduced the support cycle and given seed money to entrepreneurs in their early stages. Parallel to this, the advent of the lean startup methodology (see Blank, 2013; Ries, 2011; Mayrya, 2012) helped the idea grow even further. As a result, acceleration largely took the role of incubation as the preferred startup support approach in the 2010s. The significant differences between the present model of startup support (acceleration) and the previously widely used type of startup assistance are the length of the supporting time, the cohort organization, the business model, and the mentorship (incubation).

In some European countries, stakeholders in the entrepreneurial ecosystem do not differentiate between an incubator and an accelerator. In other countries, they are more precise in their definitions.

**Incubator:** Typically physical locations connected to knowledge centers (universities, research institutes, business schools, etc.) that support the commercialization of their own spinoffs and the development of company ideas from their network. Sweden and Ireland both often use this model. The supply of actual office space, a network of mentors, unofficial event programs, advisory services, investor exposure, and connections to public finance are some of its key traits.

**Accelerator:** This strategy, made popular by Y-Combinator in the US, has expanded to other centers across Europe. Its two primary traits are that it involves an application procedure that is open to everyone and that pre-seed funding is frequently offered in exchange for a minority share in the firm. The program itself is typically organized in batches of companies starting at the same time. Support is time-limited and consists of activities and rigorous mentoring.

Main differences between incubators and accelerators are presented in the table below<sup>5</sup>:

	Incubator	Accelerator
Duration	✓ 1 to 5 years	✓ 3 to 12 months
Cohorts	✓ No	✓ Yes
Business model	✓ Rent; Non-profit	✓ Investment can also be non-profit
Selection	✓ Non-competitive	✓ Competitive
Stage	✓ Early or late	✓ Early
Education	✓ Ad hoc, human resources, legal	✓ Seminars (mostly mandatory)
Mentorship	✓ Minimal, tactical	✓ Intense, by self and externals

#### External links:

[https://robohub.org/uploads/The\\_Accelerator\\_and\\_Incubator\\_Ecosystem\\_in\\_Europe.pdf](https://robohub.org/uploads/The_Accelerator_and_Incubator_Ecosystem_in_Europe.pdf)

<https://www.researchgate.net/publication/320183467>

<https://www.british-business-bank.co.uk/finance-hub/what-is-a-business-incubator/>

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<sup>5</sup> Policy Brief on Access to Business Start-up Finance for Inclusive Entrepreneurship (OECD, 2014)

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# BUSINESS MODELING

## Scope

This module will support us in the understanding of the definition of business models, the key components and characteristics. It will also introduce the business model canvas and provide us with guidelines on how to develop our own business model.

## Expected outcomes

- To understand what a business model is
- To know the key components of a business model
- To be able to develop your business model



## DEFINITION

***“A business model describes the rationale of how an organization creates, delivers, and captures value”<sup>6</sup>***

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### **ANALYSIS OF BUSINESS MODEL DEFINITION:**

*The main parts of the business model definition are:*

***Rationale:*** *the reason why a startup does things a certain way*

***Creates:*** *a startup needs to make a product or service (a solution) to sell*

***Delivers:*** *the startup’s delivery or distribution method is how it gets its solution to the customer*

***Captures:*** *to survive, the startup needs to have a way to get money from the customer*

***Value:*** *customers will only buy something that they find valuable to them*

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<sup>6</sup> (Business Model Generation, Alexander Osterwalder & Yves Pigneur, 2010)

## INTRODUCTION

The term business model refers to a company's plan for making a profit. It identifies the products or services the business plans to sell, its identified target market, and any anticipated expenses. Business models are important for both new and established businesses. They help new, developing companies attract investment, recruit talent, and motivate management and staff. Established businesses should regularly update their business model or they'll fail to anticipate trends and challenges ahead. Business models also help investors evaluate companies that interest them and employees understand the future of a company they may aspire to join<sup>7</sup>.

A business model can best be described through nine basic building blocks that show the logic of how a company intends to make money.

## BUSINESS MODEL'S MAIN CHARACTERISTICS

- Used by startups
- Dynamic
- Provides testable hypotheses
- Designed to be changed with each test
- Intended to be used with customer discovery
- Visual document using the Business Model Canvas
- Leads to startup success if used properly

## 9 BUILDING BLOCKS OF A BUSINESS MODEL

The nine building blocks of a business model are included in a tool called Business Model Canvas (BMC). Business model canvas is a chart with elements describing a firm's or product's value proposition, infrastructure, customers, and finance and was introduced by Alexander Osterwalder in 2008. The 9 components are the following<sup>8</sup>:

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<sup>7</sup> Harvard Business Review. "Why Business Models Matter" <https://hbr.org/2002/05/why-business-models-matter>

<sup>8</sup> *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers*.

- **Customer Segments:** An organization serves one or several Customer Segments.
- **Value Proposition:** It seeks to solve customer problems and satisfy customer needs with value propositions.
- **Channels:** Value propositions are delivered to customers through communication, distribution, and sales Channels.
- **Customer Relationship:** Customer relationships are established and maintained with each Customer Segment.
- **Revenue Streams:** Revenue streams result from value propositions successfully offered to customers.
- **Key Resources:** Key resources are the assets required to offer and deliver the previously described elements....
- **Key Activities:**...by performing a number of Key Activities
- **Key Partners:** Some activities are outsourced, and some resources are acquired outside the enterprise.
- **Cost Structure:** The business model elements result in the cost structure.

<b>Key Partners</b> <i>who helps you make or sell your solution?</i>	<b>Key Activities</b> <i>what you have to do to get the solution to the customer</i>	<b>Value Proposition</b> <i>what you're selling</i>	<b>Customer Relationship</b> <i>how you get/keep customers</i>	<b>Customer Segments</b> <i>who you're selling <u>to</u></i>
	<b>Key Resources</b> <i>who makes the solution and how?</i>		<b>Distribution Channels</b> <i>how you reach customers</i>	
<b>Cost Structure</b> <i>the money the company needs to spend to do business</i>			<b>Revenue Streams</b> <i>how you make money</i>	

## ANALYSIS OF BUSINESS MODEL BUILDING BLOCKS<sup>9</sup>

### **Customer Segments**

This block of the BMC defines the companies/organizations/people that the team is targeting with the related innovation that is offering. The customers can be grouped in different segments according to common characteristics (needs, distribution channels for reaching them, different relationships, they are interested in a specific value proposition) they may have. In order to fill out this block you should answer the following questions:

- For whom are we creating value?
- Who are our most important customers?
- What are the problems of our customers?

#### **Types of Customer Segments<sup>10</sup>:**

- Mass market: focus on one large group of customers with broadly similar needs and problems
- Niche market: specific, specialized Customer Segments
- Segmented: distinguished market segments with slightly different needs and problems
- Diversified: diversified customer business model serves two unrelated Customer Segments with very different needs and problems
- Multi-sided platforms (or multi-sided markets): serve two or more interdependent Customer Segments.

### **Value Propositions**

This block of the BMC describes the product/service that the company is offering to its customers. This block outlines the reasons that the customers of a company would choose this specific solution. The product/solution can have many

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<sup>9</sup> *Business Model Generation*, Alexander Osterwalder & Yves Pigneur, 2010

<sup>10</sup> <https://www.strategyzer.com/business-model-canvas/customer-segments>



value propositions and each value proposition answers the needs of a specific customer segment. In order to fill out this block you should answer the following questions:

- What value do we deliver to the customer?
- Does that innovation solve their problems?
- Which customer needs are we satisfying?
- What are we offering to each Customer Segment?

***Assets that can create value to the customers included in the following non-exhaustive list<sup>11</sup>:***

- |                         |                        |
|-------------------------|------------------------|
| ✓ Newness               | ✓ Customization        |
| ✓ Performance           | ✓ Getting the job done |
| ✓ Convenience/usability | ✓ Price                |
| ✓ Risk reduction        | ✓ Brand/status         |
| ✓ Accessibility         | ✓ Cost reduction       |
| ✓ Design                |                        |

## ***Channels***

This block of the BMC describes how the SME/team will reach its customer segments in order to deliver the value proposition of its innovation. These channels can serve different functions, like awareness raising, delivery of the product/service, evaluation of the value proposition etc. In order to fill out this block you should answer the following questions:

- How can we reach our customers? Through which Channels do our Customer Segments want to be reached?

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<sup>11</sup> <https://www.dairdc.com/business-model-canvas.html>

- How are our Channels integrated? Which ones work best?
- Which ones are most cost-efficient? How are we integrating them with customer routines?

Channels have five distinct phases. Each channel can cover some or all of these phases. We can distinguish between direct Channels and indirect ones, as well as between owned Channels and partner Channels.

Channel Types		Channel Phases				
Own	Direct	Sales force				
		Web sales	<b>1. Awareness</b> How do we raise awareness about our company's products and services?	<b>2. Evaluation</b> How do we help customers evaluate our organization's Value Proposition?	<b>3. Purchase</b> How do we allow customers to purchase specific products and services?	<b>4. Delivery</b> How do we deliver a Value Proposition to customers?
		Own stores				<b>5. After sales</b> How do we provide post-purchase customer support?
Partner	Indirect	Partner stores				
		Wholesaler				

(Business Model Generation, Alexander Osterwalder & Yves Pigneur, 2010)

### Customer Relationship:

This block of the BMC describes the relationships developed by the team with a specific customer segment. The customer relationships are also dependent on the stage of development of the innovation which defines the motivations of the SME/team behind each relationship. In order to fill out this block you should answer the following questions:

- What relationship do we want with their customers? (personal, automated, retentive)
- Which ones have we established?

- How costly are they?
- How are they integrated with the rest of our business model?

We can distinguish between several categories of Customer Relationships, which may co-exist in a company's relationship with a particular Customer Segment:

- |                                 |                      |
|---------------------------------|----------------------|
| ✓ Personal assistance           | ✓ Automated services |
| ✓ Dedicated personal assistance | ✓ Communities        |
| ✓ Self-service                  | ✓ Co-creation        |

### **Revenue Streams:**

This block of the BMC describes the revenues generated by the SME/team for each customer segment. Each revenue stream may have a different pricing strategy/mechanism. In order to fill out this block you should answer the following questions:

- How do we plan to make money from the solution we are offering?
- Are the customers willing to pay for this solution and how much?
- For what do they currently pay?
- How are they currently paying? How would they prefer to pay?
- How much does each Revenue Stream contribute to overall revenues?

### **Ways to generate income:**

- ✓ Asset sale: This Revenue Stream is selling ownership rights of a physical product

- ✓ **Usage fee:** This Revenue Stream is generated by the use of a particular service. The more a service is used, the more the customer pays
- ✓ **Subscription fees:** This Revenue Stream is generated by selling continuous access to a service
- ✓ **Lending/Renting/Leasing:** This Revenue Stream is created by temporarily granting someone the exclusive right to use a particular asset for a fixed period in return for a fee.
- ✓ **Licensing:** This Revenue Stream is generated by giving customers permission to use protected intellectual property in exchange for licensing fees. Licensing allows rights holders to generate revenues from their property without having to manufacture a product or commercialize a service.
- ✓ **Brokerage fees:** This Revenue Stream derives from intermediation services performed on behalf of two or more parties
- ✓ **Advertising:** This Revenue Stream results from fees for advertising a particular product, service, or brand

Each Revenue Stream might have **different pricing mechanisms**.

## Pricing Mechanisms

Fixed Menu Pricing Predefined prices are based on static variables		Dynamic Pricing Prices change based on market conditions	
<i>List price</i>	Fixed prices for individual products, services, or other Value Propositions	<i>Negotiation (bargaining)</i>	Price negotiated between two or more partners depending on negotiation power and/or negotiation skills
<i>Product feature dependent</i>	Price depends on the number or quality of Value Proposition features	<i>Yield management</i>	Price depends on inventory and time of purchase (normally used for perishable resources such as hotel rooms or airline seats)
<i>Customer segment dependent</i>	Price depends on the type and characteristic of a Customer Segment	<i>Real-time-market</i>	Price is established dynamically based on supply and demand
<i>Volume dependent</i>	Price as a function of the quantity purchased	<i>Auctions</i>	Price determined by outcome of competitive bidding

(Business Model Generation, Alexander Osterwalder & Yves Pigneur, 2010)

### Key Resources:

This block of the BMC describes the assets required by the SME/team in order to make its business model to work. The key resources help the SME/team to create/develop the value propositions of its innovation, reach its customers segments or generate revenues. The key resources can be financial, intellectual or human and they can be owned by the SME/team, they can be provided by key partners or they can be leased. In order to fill out this block you should answer the following questions:

- What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?

Key Resources can be categorized as follows:

- ✓ **Physical:** This category includes physical assets such as manufacturing facilities, buildings, vehicles, machines, systems, point-of-sales systems, and distribution networks
- ✓ **Human:** This category includes the human resources of each business
- ✓ **Financial:** Some business models call for financial resources and/or financial guarantees, such as cash, lines of credit, or a stock option pool for hiring key employees.
- ✓ **Intellectual:** Intellectual resources such as brands, proprietary knowledge, patents and copyrights, partnerships, and customer databases are increasingly important components of a strong business model

### **Key Activities:**

This block of the BMC describes the critical things that must be done by the SME/team in order to make this business model work. These activities differ according to the type of the SME/type and the stage of development of the technology. An SME/team with a less mature technology should focus on technological development and a more mature on business development. In order to fill out this block you should answer the following question:

- What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?

**Key Activities can be categorized as follows:**

- ✓ **Production:** These activities relate to designing, making, and delivering a product in substantial quantities and/or of superior quality.

- ✓ **Problem solving:** Key Activities of this type relate to coming up with new solutions to individual customer problems.
- ✓ **Platform/network:** Business models designed with a platform as a Key Resource are dominated by platform or network related Key Activities. Networks, matchmaking platforms, software, and even brands can function as a platform. Key Activities in this category relate to platform management, service provisioning, and platform promotion.

### **Key Partners:**

This block of the BMC describes the partners (suppliers, technology partners etc.) needed by the team in order to make their business model work. In order to fill out this block you should answer the following questions:

- Who are our Key Partners? Who are our key suppliers?
- Which Key Resources are we acquiring from partners?
- Which Key Activities do partners perform?

We can distinguish between four different types of partnerships:

- ✓ Strategic alliances between non-competitors
- ✓ Coopetition: strategic partnerships between competitors
- ✓ Joint ventures to develop new businesses
- ✓ Buyer-supplier relationships to assure reliable supplies

### **Cost Structure:**

This block of the BMC describes the most important costs that are needed for the business model of the SME/team. Some examples include the costs needed for creating the value proposition of the SME/team or the costs for delivering the product/service to the customers. In order to fill out this block you should answer the following questions:

- Which are the necessary costs, and which are the optional?
- What are the most important costs inherent in our business model?
- Which Key Resources are most expensive?
- Which Key Activities are most expensive?

There are two broad classes of business model Cost Structures<sup>12</sup>:

Cost-driven	Value-driven
Cost-driven business models prioritize cutting expenses wherever they can be. Using low cost Value Propositions, significant outsourcing, and maximum automation, this strategy tries to build and maintain the leanest Cost Structure feasible.	Some businesses place more emphasis on value creation than they do on the financial effects of a particular business model design. Value-driven company strategies are typically characterized by high levels of customized service and premium value propositions.

**External links:**

<https://canvanizer.com/book/business-model-generation>  
<https://canvanizer.com/new/business-model-canvas>  
<https://online.hbs.edu/blog/post/types-of-business-models>

**References**

*Business Model Generation*, Alexander Osterwalder & Yves Pigneur, 2010  
*Harvard Business Review*. "Why Business Models Matter" <https://hbr.org/2002/05/why-business-models-matter>

<sup>12</sup> <https://canvanizer.com/book/business-model-generation>



*Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers.*

<https://www.strategyzer.com/business-model-canvas/building-blocks>

<https://canvanizer.com/book/business-model-generation>

# INNOVATION MANAGEMENT

## Scope

This section aims to introduce the innovation management concept. To achieve this, we will explore the definition of innovation, the forms of innovation, the innovation strategy and process for businesses and the way that we can manage innovation. We will also explore the relationship between knowledge management and innovation. We will also look at the knowledge management cycle as well as some Knowledge Management tools that are useful for the preservation of knowledge in companies.

## Expected outcomes

- To understand what is innovation
- To understand how can businesses innovate
- To acquire the knowledge on how to manage innovation using related tools



## WHAT IS INNOVATION MANAGEMENT

***Innovation management is the active organisation, control and execution of processes, activities, and policies that lead to the "creation of substantial new value for customers and the firm by creatively changing one or more dimensions of the business system" (Sawhney et al., 2006)<sup>13</sup>.***

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### **BACKGROUND:**

*In recent times, innovation Management has proven to be a relevant skill set in order for organisations to boost their level of performance. According to Harvard Business Review, innovation management has enabled companies to meet*

## QUICK FACTS SECTION

*Innovation creates value  
Knowledge is the starting  
point for creating innovation*

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<sup>13</sup> The Twelve Different Ways for Companies to Innovate, Mohanbir Sawhney, Robert C. Wolcott, Inigo Arroniz (2007)

*and exceed their set performance threshold, yet there are very few companies with well-defined processes that allow for continuous innovation (Hamel, 2006). This simply explains the relevance of innovation management as a catalyst required for a dramatic upward shift in a company's market position*

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## WHAT DOES IT MEAN TO BE INNOVATIVE

“To be innovative means to be open to change and not just open to change but proactively seeking change so it is always asking the question of what is next, what can we do better and what can we do differently and not just for the sake of doing it differently but to create more value than it is currently created.”

Dr. Bettina Von Stamm

## INNOVATION DEFINITION

An innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations. (OECD 2005)<sup>14</sup>

## FORMS OF INNOVATION

There are different forms of innovation developed by various innovation experts, however, Schumpeter (1934) categorized innovation into three main types. Fast track to present time, Le Bas and Scellato (2014), OECD refined Schumpeter's categories by providing the following types of innovation:

- **Product/Service Innovation:** Mainly focused on products/services with the aim of introducing new product/service or improving existing ones.
- **Process innovation:** Primarily focused on improving or creating new work delivery methods or techniques used for producing products/services.

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<sup>14</sup> <https://www.oecd.org/sti/008%20-%20BS3%202016%20GAULT%20Extending%20the%20measurement%20of%20innovation%20.pdf>

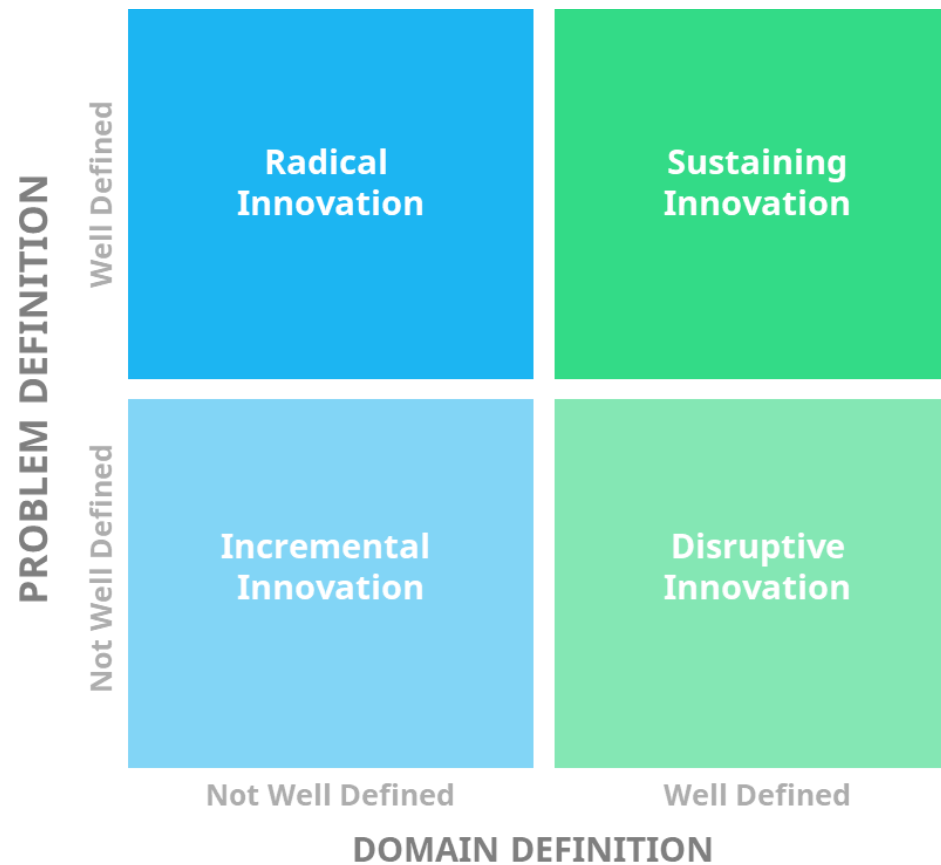
- **Organisation innovation:** Not limited to a selected aspect of the company, but the overall process and structure, aimed at improving creativity, efficiency, production, and profitability. Introducing new business strategy, knowledge management systems, administrative and control systems, and hiring for key positions are examples of organisation innovation.
- **Marketing Innovation:** According to the OECD report, marketing innovation involves significant changes in relation to product placement, product design or packaging, product promotion or pricing.

#### TYPES OF INNOVATION<sup>15</sup>

- **Radical innovation:** Completely disrupts existing business or economy and creates a new business model.
- **Sustaining innovation:** Exists in the current market and instead of creating new value networks, it improves and grows the existing ones.
- **Incremental innovation:** A series of small, gradually built improvements to existing products, processes or methods to maintain a competitive position over time.
- **Disruptive innovation:** Creates a new value network either by disrupting an existing market or creating a completely new market.

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<sup>15</sup> <https://www.viima.com/blog/types-of-innovation>



<https://www.viima.com/blog/types-of-innovation>

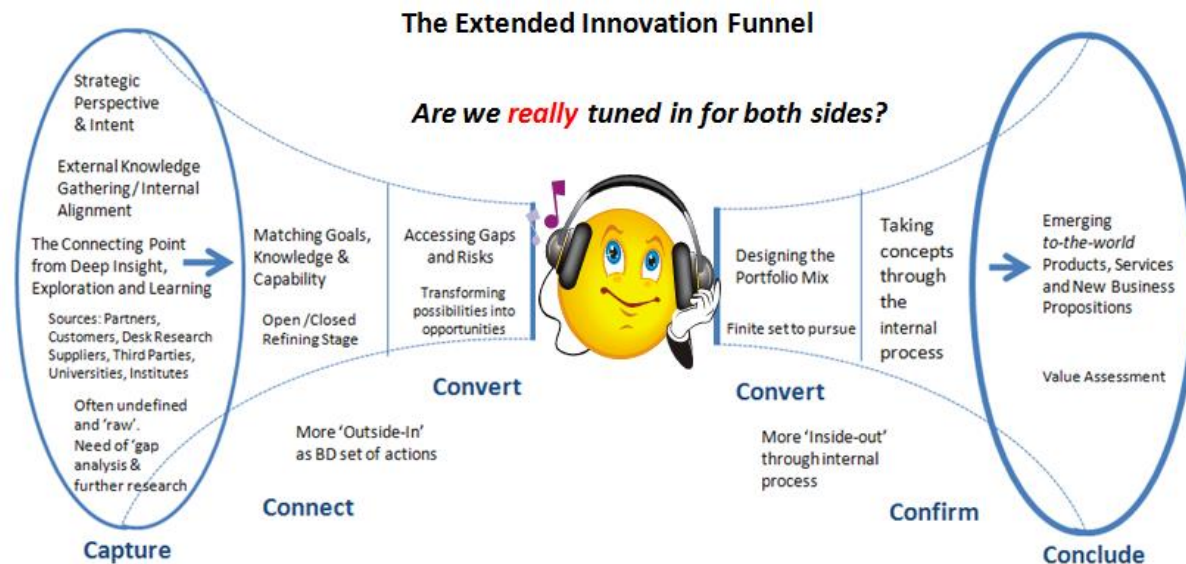
## INNOVATION STRATEGY AND PROCESS

Every successful innovative company has a proven innovation strategy that best works for them in actualizing their end goals. Therefore, the figure below shows a simple step-by-step guide for developing innovation strategy.



Step-by-step guide for developing Innovation Strategy (Source:Health2market.eu, (2015).

The innovation funnel has to do principally with the various stages that lead to the realization of a sustainable innovation output. The figure below illustrates a simple innovation funnel.



The Extended Innovation Funnel. (Source: Paul4innovating's Innovation Views (2011))

The main stages of the innovation process as identified by the Centre for Process Innovation are outlined to include:

- **Idea Generation:** This is the kick-off stage in the innovation process. Team goal at this stage should be focused on brainstorming and generating ideas that genuinely solve a real world problem. An idea is the seed for all innovative products or services that are available in the market, so it is important to explore every idea that comes to mind. Entrepreneurs and business managers often draw inspiration for new ideas from market demand, societal problems, business goals, and vision amongst many other sources.
- **Screening and refining Ideas:** After penning down every single idea together with the rest of the team members, entrepreneurs and business managers should evaluate the ideas and identify potential benefits and challenges. The ideas can be refined and further enhanced through constructive arguments and discussions. It is important to question every aspect of the idea so as to avoid loopholes that could later be detrimental to the business. Ensure that all red flags relating to the idea are properly addressed before proceeding to the next stage of the innovation process.

- **Design, Development, and Testing:** This is the stage where the actual implementation of ideas takes place and it begins with designing a clear road map on how to transform the idea. Once that is done, a prototype or pilot output is then developed and tested to ensure it addresses the problem it sets out to do at the kick-off stage of the innovation process. Testing plays a significant role in perfecting the final output and occasionally it leads to the generation of fresh ideas. Testing is very crucial to the development of commercially viable products/services that meet market needs, so adequate time must be allocated to it.
- **Production and Commercialization:** This stage of the process is where the company produces its tested innovations on a full-scale and this usually requires access to production facilities, market, logistics, etc. It is at this phase of the process that business strategy and marketing strategy are implemented and monitored. The effectiveness of all implemented strategies can be assessed using measurement matrix such as sales figures, revenues, and reviews.
- **Decline:** This is the final stage of the process. At some point in the product/service life cycle, it gets to a point where what used to be a highly innovative product would be considered obsolete because continuous improvement is no longer of value. This is the time to let go and get back to the drawing board by setting new goals for starting the innovation process again.

## KNOWLEDGE MANAGEMENT AND INNOVATION

Knowledge in the form of an idea, a concept, information or any form of know-how tends to be the starting point for creating innovative solutions. It is inarguable that innovation involves the application of knowledge and the intertwined relationship between both is best expressed in the manner in which organisations strive to acquire new knowledge via research and development. The acquisition of knowledge, very important for organisations to create innovative solutions, is of equal importance with the management of knowledge at the organisations' disposal.

Knowledge management (KM) is the systematic process for acquiring, organizing, sustaining, applying, sharing, and renewing all form of knowledge to enhance better organisational performance and create value<sup>16</sup>. Successful innovative firms use KM to create, share, transfer, and apply the know-how in creating innovative products/services. Successful

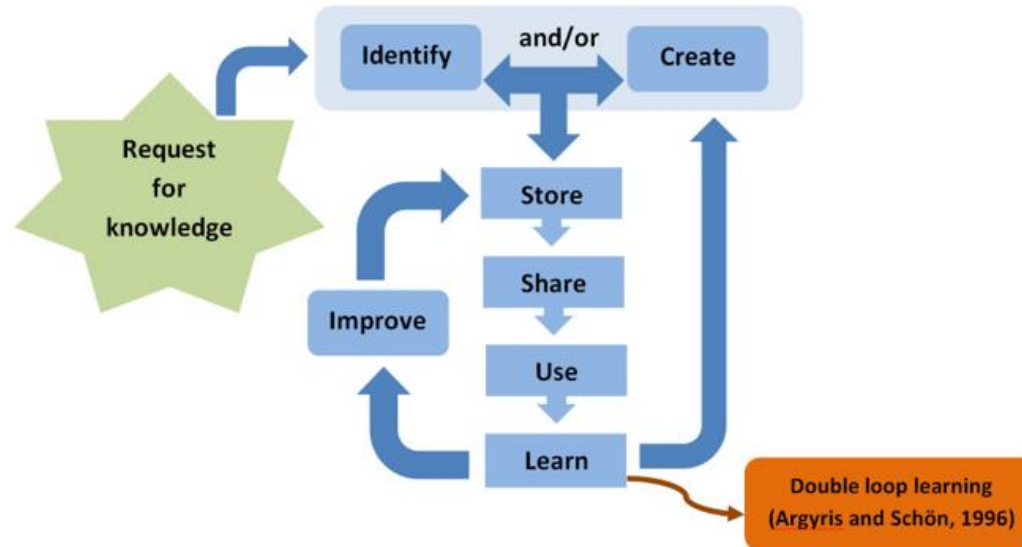
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<sup>16</sup> Knowledge Management: a Strategic Agenda, Quintas et al., 1996; Choo, 2006)



innovative firms use KM to build organisational intelligence by enabling people to improve the manner in which they use knowledge to create and deliver value. This shows the relationship between KM and innovation. A very good KM system is vital in organisations so that whenever a company's resourceful employee decides to take a final bow, the company should not be knocked to its knees, knowing fully well that a knowledge repository exists, in case there is need to tap into the knowledge base. The knowledge management cycle includes the following:

- Identify existing knowledge within and outside the organisation.
- Create new knowledge via prototypes, information, analysis, process mapping etc.
- Store knowledge in archives/repositories for use or reuse.
- Share the knowledge with team members.
- Use the knowledge to make decisions, solve problems, and improve overall performance.
- Learn from available and existing knowledge.
- Improve by refining existing information/know-how.



## KEY ASPECTS OF INNOVATION MANAGEMENT<sup>17</sup>

Innovation Management consists of four main areas:

### CULTURE

Capabilities related to people

- Values speed, learning, and experimentation; emphasizes the necessity of constantly thinking of ways to improve, and views failure as a necessary component of the process of developing something new.
- Offers sufficient autonomy and accountability, and is guided primarily by a vision and a culture rather than a chain of command

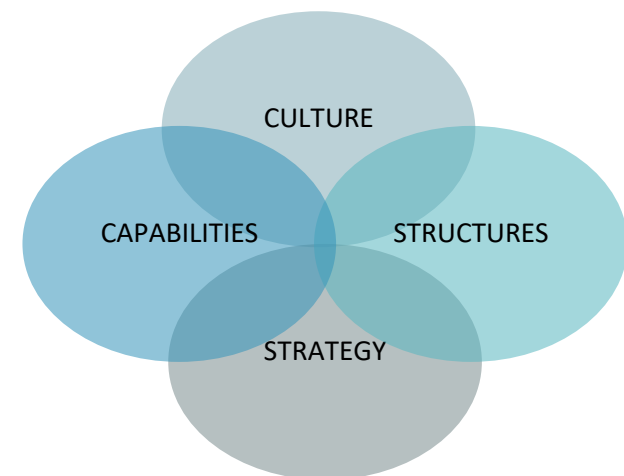
### CAPABILITIES

Abilities and resources the organization has for creating and managing innovation

- Revolves primarily around people
- Refers to the abilities of both individuals and teams collectively
- Covers areas such as:
  - Information capital
  - Practical skills of the people
  - Tacit knowledge
  - Financial capital

### STRUCTURES

- Organizational structure
- Processes
- Communication channels
- Infrastructure



<sup>17</sup> <https://www.viima.com/blog/innovation-management>

## STRATEGY

- Choice between a number of feasible options to have the best chance at winning
- The plan the organization has for achieving long-term success

## KNOWLEDGE MANAGEMENT TOOLS

There are numerous Knowledge Management tools that are at the disposal of companies. These various KM tools and techniques are broken down into Non-IT based knowledge management tools and IT based knowledge management tools. The next table shows both IT and Non-IT knowledge management tools and techniques.

### IT-Based Knowledge Management Tool & Technique:

**Documents Libraries:** An information management system that serves as a document repository with good taxonomy and metadata. Document libraries often lead to the development of a document management system, which is a key part of Knowledge management system. The first step has to do with selecting the appropriate document library system and then start storing information.

**Knowledge Bases (Wikis, Etc.):** Involve the codifying of knowledge to create a database for storing critical information. Wiki is a typical type of knowledge base. It enables staff members to create, develop, collaborate, and access new knowledge. It entails identifying specific knowledge that should be managed, deciding on the knowledge base to adopt, appointing a knowledge base manager, and creating the knowledge base.

**Collaborative Virtual Workspace:** An online workspace that allows for collaborative work regardless of users' geographic location. It allows companies to access the best skills globally, reduces travel and overhead cost, and gives people access to information. There are different collaborative tools and they all have different ways of functioning.

**Social Network tools:** An online system that supports/connects people who share a common area of interest. It has the ability to provide members with access to highly relevant know-how and advisory, to identify topics, search for major social networks on the topic, join the network, discuss the topic within the group, and get results.

**Advanced Search tools:** Search engine with streamlined search criteria for best results. They are used to acquire detailed information, search specific phrases and get specific results.

**Expert Locator:** An IT tool that enables effective and efficient use of existing knowledge to connect people who need particular knowledge with people who have that knowledge. It allows you to search and connect with experts, find the expert by accessing the expert locator, insert key words, and search for the right person.

### **Non-IT Based Knowledge Management Tool & Technique**

**Brainstorming:** A group of people generating new and unusual ideas using their judgment to explore the idea. It helps to generate a range of options that requires fewer materials and can be quickly organized, to decide on a facilitator, communicate guidelines to the group, discuss about the problem, group members can pen down ideas, the group discusses the ideas and builds on it.

**Learning and Idea Capture:** At team level and personal level, learning and idea capture is done collectively and systematically. It means to be more creative, learn at a fast pace, generate ideas, and convert learning to knowledge that can be exploited, applied, and shared. There are many ways of capturing new learning and ideas: by using your own memory, notepad, organizer, Computers, PDAs, etc.

**Peer Assist:** A technique used by the project team to solicit assistance from peers and experts on the subject matters. The essence is to shorten the learning curve, whereby teams identify underlying issues, appoint a facilitator, select participants, and share information.

**Learning Review:** a technique used by the project team to aid individual and team learning during or after a project, for team members to continuously learn while carrying out the project, appoint a facilitator, create and introduce agenda, discuss among team members, draw conclusion summary.

**Story telling:** Conveying of events or experiences through words, images, and sounds; it is usually narrative in nature. It is used to transfer tacit knowledge, to nurture human relationships, to bring out the passion of the audience, to identify key knowledge areas to share, find the person with the appropriate experience to share the story, market the story and create a sharing platform, to conduct a storytelling session where knowledge is shared.

**Knowledge Café:** A knowledge café brings people together to have an open creative conversation of mutual interest. It provides a forum to discover knowledge and makes it available for anyone who needs it. It helps to appoint a facilitator, identify a question relevant to those participating, create a comfortable environment; the group discusses and exchanges ideas.**External links:**

[Innovation Management Guide](#)

[Key Innovation Management Models and Theories – Types of Innovation](#)

[Innovation Management Tools](#)



**TIP !**

*Continued improvement is a key success factor in innovation management*

## References

*The Twelve Different Ways for Companies to Innovate*, Mohanbir Sawhney, Robert C. Wolcott, Inigo Arroniz, 2007

Defining and Measuring Innovation in all Sectors of the Economy: Policy Relevance, (OECD 2005) <https://www.oecd.org/sti/008%20-%20BS3%202016%20GAULT%20Extending%20the%20measurement%20of%20innovation%20.pdf>

*Knowledge Management: a Strategic Agenda*, Quintas et al., 1996; Choo, 2006

# INNOVATIVE ECOSYSTEMS, CLUSTERS & NETWORKS

## Scope

This module has been written to provide a basic understanding and introduction to Networking & Clustering. On completion of this module, the trainee will be familiar with the functions and attributes of networking & clustering activities and main innovation actors.

## Expected outcomes

- To learn about the clustering & networking effect
- To learn about Collaboration, Networking & Clustering in tourism sector
- To learn how to develop/participate in networks & clusters



## DEFINITION

***Networks are defined as formal and informal organizations facilitating the exchange of information and technology and promote various types of coordination and cooperation" <sup>18</sup>***

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## **BACKGROUND/DESCRIPTION:**

*Companies must integrate themselves into the entrepreneurship ecosystem to create, develop, and learn new skills in order to succeed in today's competitive economy. In this instance, the ecosystem is gradually shifting from a jumbled collection to systems with structured features, both in terms of business and naturally. According to Moore (1993), ecosystems represent solutions to the need for fostering innovation and creativity in the process of coming up with*

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<sup>18</sup> *Business clusters: Promoting Enterprise in Central and Eastern Europe.* OECD Publication, Paris (France): OECD Publishing, 2005.

*solutions to economic and social problems. Networks frequently display "co-operation" patterns, which represent a particular balance between cooperation and competition.*<sup>19</sup>

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***"Clusters are groups of independent companies and associated institutions and are:***

- Cooperative and competitive.***
- Geographically concentrated in one or more locations, although the formulation may have global implications***
- Specialist in a particular field, linked by common technologies and skills***
- Either science-based or traditional***
- Clusters can be either institutionalized (they have a suitable manager cluster) or non-statutory.***

***European Commission, Final Report of the Expert Group on Enterprise Clusters and Networks, Brussels, 2003***

## **BENEFITS OF INNOVATION ECOSYSTEMS, CLUSTERS & NETWORKS<sup>20</sup>**

Many business owners don't consider networking to be important when they are just starting their business. In doing so, they fail to realize that having a strong network is extremely important for setting up the base for a successful business. What does the participation in networks, clusters and relevant initiatives offer to businesses?

### **Geographical concentration**

The interaction of a variety of elements, including customers, suppliers, labor force involvement, the presence of certain natural resources and infrastructure, etc., can be beneficial to members in tackling shared issues and opportunities in the local area.

### **Expertise**

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<sup>19</sup> The ecosystem blueprint: How firms shape the design of an ecosystem according to the surrounding conditions, Bernhard Lingens, Lucas Miehé, Oliver Gassmann,

<sup>20</sup> <https://www.oecd.org/cfe/smes/2010888.pdf>

The activities and interests of members of the cluster specialize in a particular subject area. In a cluster, firms voluntarily or involuntarily learn from each other.

### Triple Helix

In order to ensure regional competitiveness, sustainable development, and growth, the members of the cluster typically consist of all three strands of the "triple helix": corporate actors, research & technology organizations, and statutory bodies. Clusters promote social welfare and local-regional economic growth.

### Competition and cooperation

Companies that compete, for instance, in the same market occasionally work together and pool their resources in particular areas, e.g if present key capabilities are not harmed, all partners are facing the same difficulties, and/or all partners may profit equally from the joint endeavor.

### Other reasons for cooperating

- Resource limits
- Existence of copyright
- Specific resources such proprietary distribution network
- Need for learning (market or technology)
- Generate leads
- Stay informed about industry trends

The activities of the cluster create an environment of trust and cooperation between all stakeholders, not only between businesses, but also between businesses and institutions.

## DIFFERENCES BETWEEN CLUSTERS & NETWORKS

### NETWORKS

- ✓ The number of participating companies is specific, as well as the time horizon of the network

### CLUSTERS

- ✓ The number of participating companies is not predefined



## NETWORKS

- ✓ Participating companies have complementary skills
- ✓ The actions of the network have been provided before its establishment and focus on complex actions which each company separately could not implement, such as research and development
- ✓ The relations between firms are hierarchical in the production process or other processes

## CLUSTERS

- ✓ The firms sell competitive products
- ✓ Not only business formation are being involved, but also other entities, such as universities, research centers, in order to support with their expertise the achievement of business goals
- ✓ All members of the cluster are equal and none imposes its opinion. The strategic characteristic of the compound is the partnership and equal participation of all
- ✓ Through the cluster, businesses implement cutting actions, such as training of manpower, storage, introducing new technologies that businesses implemented at a small scale before joining the cluster
- ✓ Since a cluster is successful, there is potential to create a separate legal shape or new clusters

## STEPS FOR DEVELOPING/PARTICIPATING IN NETWORKS & CLUSTERS

### NETWORKS


- ✓ **Step 1 – Determination of the goal of the network** (broad: exchange of ideas, information dissemination ≠ focused: promote exports of participants in the network)
- ✓ **Step 2 – Finding companies that will participate together-** (common interests, culture, resources, skills, etc.) & horizontal - similar industries, sectors / vertical collaborations - different parts of the same supply chain
- ✓ **Step 3 – Establishing trust between the partners**
- ✓ **Step 4 – Definition of the timeframe and the type of cooperation**

### CLUSTERS

- ✓ **Step 1 – Establishment**  
In the first phase the need to develop a cluster is recognized and the preparatory actions for the establishment are implemented. The need: whether resulting from the market and expressed by an individual / group of individuals (bottom-up approach), or created in response to policies (top-down approach) implemented by the state.
- ✓ **Step 2 – Development**  
In the second phase the cluster is being developed. In this stage, the strategy and the goal of the cluster are determined,

✓ Step 5 – Identify implementation of actions, required resources and financing arrangements	deciding the actions that it will implement, the administration is defined, as well as the source of funding.
✓ Step 6 – Establishing network administration	<p>✓ Step 3 – Operation</p> <p>In the third phase, the cluster starts its operation, i.e. the realization of actions for the benefit of its members.</p> <p>✓ Step 4 – Transformation</p> <p>In the fourth phase, the cluster re-examines its strategy and objective to be aligned each time with the member companies and the market needs.</p>

## TYPICAL ACTORS IN AN INNOVATION ECOSYSTEM<sup>21</sup>

	<b>RESEARCH INSTITUTIONS</b>	Research Institutions are crucial for innovation due to their role in knowledge creation and diffusion, and are a primary tool for governments seeking to spur research and innovation in their economies.
	<b>INCUBATORS &amp; ACCELERATORS</b>	Incubators and accelerators play an important role in the innovation ecosystem in providing a supportive environment for startup and fledgling companies.
	<b>ANGEL INVESTORS</b>	Angel Investors play an important role in helping fast growing small firms overcome common funding gaps. They can sometimes directly advance innovations by taking a position on the board of the start-up.
	<b>VENTURE CAPITALISTS</b>	A venture capitalist is an investor who either provides capital to startup ventures or supports small companies that wish to expand but do not have access to equities markets.
	<b>PRIVATE EQUITY FIRMS</b>	Private equity firms manage money committed by pension funds, other institutional investors and high net worth individuals.

<sup>21</sup> <https://www.idiainnovation.org/ecosystem-actors>

	<b>GOVERNMENT</b>	Governments play many critical roles in promoting innovation, primarily in terms of creating a supporting policy and regulatory environment in which start-ups operate.
	<b>FRIENDS &amp; FAMILY</b>	For many innovators, their circle of supporting friends and family will often be critical in helping them take their idea forward.
	<b>CIVIL SOCIETY ORGANIZATIONS</b>	Civil Society Organizations are a subgroup of organizations founded by citizens and active at local, national or international levels.
	<b>DEVELOPMENT AGENCIES</b>	Development agencies tend to focus on supporting very early stage innovators, helping them with relatively small amounts of seed capital funding to develop / test their idea.
	<b>PROFESSIONALS (Human Capital)</b>	People are at the heart of an ecosystem, and the speed and efficiency of the process through which an innovation is designed, tested, adapted and scaled depends on the quality of the people involved in the process.
	<b>STARTUPS &amp; ENTERPRISES</b>	A startup is a company working to solve a problem where the solution is not obvious and success is not guaranteed.
	<b>MARKET FACILITATORS &amp; INTERMEDIARIES</b>	Their role is to link organisations within an innovation ecosystem, and to facilitate the transfer of ideas, technology and other resources to help commercialise them at scale.
	<b>PRIVATE COMPANIES</b>	Business-led initiatives, such as research and development partnerships, knowledge-sharing platforms, technology and skills transfer, and infrastructure investment have the potential to catalyse, develop and scale innovation, while also providing fertile ground for future innovation to emerge.

#### Indicative European Innovative Ecosystems and Networks:

Enterprise Europe Network Partnering Opportunities: <https://een.ec.europa.eu/partnering-opportunities>

EUROPEAN Cluster Collaboration Platform: <https://clustercollaboration.eu/find-partners/in-europe>

Deus Open Community: <https://deuscci.eu/open-community/>

**European Network of Innovative Higher Education Institutions (ENIHEI):** <https://education.ec.europa.eu/education-levels/higher-education/innovation-in-education/european-network-of-innovative-higher-education-institutions>

**External links:**

<https://www.idiainnovation.org/ecosystem>

<https://www.forbes.com/sites/theyec/2022/12/20/the-importance-of-a-business-network-and-how-to-build-a-strong-one/?sh=63d80cfb1392>

<https://advancedbusinessabilities.com/why-is-networking-important-for-entrepreneurs/>

[http://buscompress.com/uploads/3/4/9/8/34980536/riber\\_9-s3\\_21\\_a20-122\\_240-253.pdf](http://buscompress.com/uploads/3/4/9/8/34980536/riber_9-s3_21_a20-122_240-253.pdf)

<https://www.idiainnovation.org/ecosystem-actors>

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*The ecosystem blueprint: How firms shape the design of an ecosystem according to the surrounding conditions,* Bernhard Lingens, Lucas Miehé, Oliver Gassmann, *Long Range Planning*, Volume 54, Issue 2, 2021, 102043, ISSN 0024-6301, <https://doi.org/10.1016/j.lrp.2020.102043>.

<https://www.sciencedirect.com/science/article/pii/S0024630120302429>

LOCAL PARTNERSHIP, CLUSTERS AND SME GLOBALISATION (2000) <https://www.oecd.org/cfe/smes/2010888.pdf>

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DOI:10.1080/09654319708720381

# OPEN INNOVATION (OI)

## Scope

This section aims at introducing the concept of open innovation, the differences between open and closed innovation, the main business models that allow us to innovate with others as well as the main types of partners to innovate with.

## Expected outcomes

- To understand what open innovation is
- To define the processes of open innovation
- To learn about the type of partners that a business can cooperate with



## DEFINITION

***Open Innovation is a distributed innovation process based on purposively managed knowledge flows across organizational boundaries, using pecuniary and non-pecuniary mechanisms in line with the organization's business model".<sup>22</sup>***

## QUICK FACTS SECTION

*SMEs tend to be more flexible, are more reactive to market changes, have shorter decision-making processes and therefore it's easier for them to exploit OI*

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## BACKGROUND:

*Recently, growing attention has been devoted to the concept of "Open Innovation", both in academia as well as in practice. Chesbrough, who coined the term "Open Innovation" describes in his book "Open Innovation: The New*

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<sup>22</sup> "Explicating Open Innovation: Clarifying an Emerging Paradigm for Understanding Innovation", Chesbrough and Bogers, 2014

*Imperative for Creating and Profiting from Technology” (2003<sup>23</sup>) how companies have shifted from so-called closed innovation processes towards a more open way of innovating. Open Innovation is the process of growing and developing a company or business line by introducing technologies or business models from outside of the company. It is the process of working with outside companies or advisors to introduce technologies and/or expertise into the company’s business. A very simple example is where a company is selling goods through well established distribution channels which are changing rapidly. It then works with an outside company skilled in selling goods directly through social media channels.*

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### Traditional “Closed” Innovation VS Open Innovation

Innovation is a tool that businesses utilize to create and use knowledge, create new goods and services, create new business models, and eventually provide financial results. In the past, businesses only innovated using internal resources. The scientific community's non-commercial emphasis and need to safeguard its priceless assets were the key drivers. These businesses gave resources, projects, and investments in innovation a higher priority. As a result, businesses with **closed innovation** models frequently have sizable research departments that provide a wealth of internal knowledge. Recently, a new invention approach known as "**open innovation**" has evolved. Instead of starting from scratch, it encourages businesses to harness the external knowledge that already exists. Creating connections with other businesses, institutions of higher learning, technology hubs, and other knowledge sources is viewed favorably in this way.

Closed Innovation	Open Innovation
The smart people in our field work for us	Not all the smart people work for us. We need to collaborate with smart people inside & outside our firm
To profit from R&D, we must discover it, develop it and ship it ourselves	External R&D can create significant value; internal R&D needed to claim a portion of the value
If we discover it ourselves we will get it to the market first	We don’t have to originate the research to profit from it

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<sup>23</sup> *Open Innovation: The New Imperative for Creating and Profiting from Technology*, 2003

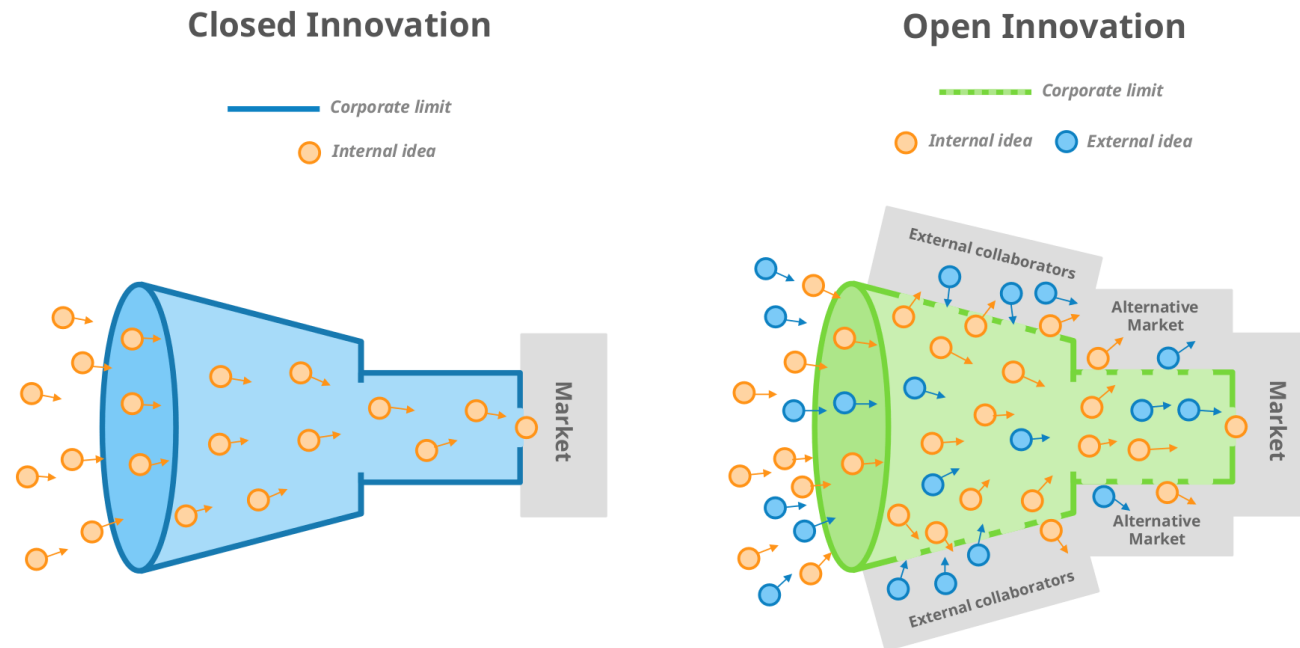
The company that gets an innovation to market first will win

If we create the most and the best ideas in the industry we will win

Building a better business model is better than getting to the market first

If we make the best use of internal and external ideas we will win

Chesbrough, H. (2003), "Open Innovation: The New Imperative for Creating and Profiting from Technology", Harvard Business School Press.



Source: <https://www.viima.com/blog/open-innovation>

## CORE OPEN INNOVATION PROCESSES

A business has a number of strategic choices, in its attempt to innovate, regarding A) who develops innovation and B) who exploits the innovation result. This paradigm leads us to three types of open innovation<sup>24</sup>:

- **The outside-in process:** Inbound innovation is about sourcing and acquiring expertise from outside the organisation, and scanning the external environment for new information to identify, select, utilize and internalize ideas. (Example: buying a patent from another company)
- **The inside-out process:** Outbound innovation is the purposive commercialization and capture of internally developed ideas in the organisation's external environment. This might be done through selective revealing of a product to journalists and reviewers or selectively selling the technology or service to customers with a view to getting feedback. (Example: licensing a patent to another company)
- **The coupled process:** The third process concerns alliances with complementarities, in which there is a simultaneous flow of knowledge from inside to outside and from outside in. The combinatorial process is about co-creation products through strategic alliances, joint ventures and others collaborative methods.

## Open Innovation Business Model

Every business which wants to innovate has to select the right business model. The business model of a company defines the core value proposition of the resources for targeted market, the way that the value chain is formed and the relationships within the company's internal and external ecosystem to enable production of these valuable resources, what the revenue mechanism, which will allow the capture of the value created, are and, ultimately, the competitive strategy that allows maintaining the value of the resources over time. Following the traditional concept of a closed business model, companies try to develop their resources internally and to exploit them within the limits of their own company. This approach has begun to highlight its limits, resulting in businesses realizing that they don't have to develop internally all the resources required for business success in increasingly complex production environments. This leads the businesses to adopt open innovation models.



6 categories intersecting the choices between closed or open business model and the possible combinations of 'open innovation' have been formed:

1. **Closed innovation model:** the firm chooses to develop and to exploit a new activity with the resources and knowledge that it has at its disposal.
2. **Unexploited knowledge that is exploited by third parties:** the business transfers knowledge that is not going to use for the development of a new product/service or process.
3. **Utilization of third party knowledge for new product development:** company gains access to available knowledge it has produced within the boundaries of another organization/business and utilizes it as a component or as a core for a new product.
4. **Search for third-party resources to develop a new business model:** the company develops a new business approach in collaboration with another organization, with the greater part of the technological value arising, however, from a third party.
5. **Internal knowledge accessible to third parties for the development of a new business model:** the business externalizes knowledge that has been produced internally to power a new standard from which it can derive direct or indirect benefits.
6. **Utilization of third-party knowledge to develop a new business model:** the company procures knowledge from external environments and other business in order to develop a new business model.

### Type of partners to innovate with

For the development and exploitation of innovation, there is a variety of type of partners that a business can innovate with.

- R&D service providers
- Complementary partners
- Customers
- Users
- Suppliers
- Competitors

- Communities
- Crowd



### TIPS for SMEs

- *More than OI managerial skills are required: an open social attitude*
- *An OI project is not an isolated or fragmented event; it is a journey (and in fact a learning-based one).*
- *Starting from 'solving a problem' and in turn 'finding a problem' (worth solving) is a recipe for success*

### Difficulties in OI for businesses !

- *partnerships with large players may be hard to manage*
- *retaining control over knowledge and technologies is not always possible*
- *they have fewer resources and all decisions are centralized, often creating a bottleneck*



### Benefits for businesses

- *Lowering innovation costs*
- *Going to market faster*
- *Boosting product visibility*
- *Attracting potential investors*

*Increasing the access to skilled persons and infrastructures*

#### External links:

[INSPIRE Open Innovation toolbox](#)

[Open Innovation cases](#)

[The Open Innovation Model](#)

#### References

Henry Chesbrough, Wim Vanhaverbeke, and Joel West, eds. (2014). "Explicating open innovation: Clarifying an emerging paradigm for understanding innovation", New Frontiers in Open Innovation. Oxford: Oxford University Press, Forthcoming (pp. 3-28)

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# STRATEGIC PLANNING

## Scope

This topic sheds light on the difference between two terms: 'goal' and 'strategy', as well as 'strategic plan' and 'strategic planning process'. The importance of strategic planning to entrepreneurs and intrapreneurs is also explained.

## Expected outcomes

- To be able to define strategy and strategic planning
- To be prepared before developing a strategic plan
- To be able to develop a strategic plan and use relevant tools



## DEFINITION

***Strategy has been defined by Erica Olsen in her book 'Strategic Planning for Dummies' (2007) as "consciously choosing to be clear about your company's direction in relation to what is happening in the dynamic environment."***

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## BACKGROUND/DESCRIPTION:

*Kenneth Andrews<sup>25</sup> defines strategy in 'The Concept of Corporate Strategy' as:*

***"Strategy is the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organisation it intends to be, and the nature of the economic and noneconomic contribution it intends to make to its shareholders, employees, customers and communities."***

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<sup>25</sup> Andrews, K.R. 1971. *The concept of corporate strategy*. Homewood: Dow Jones-Irwin.

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David R. McClean<sup>26</sup> explains his approach in ‘Strategic Planning’:

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*“Strategic planning is a deliberate, disciplined effort to produce a strategy that results in actions that shape what an organisation is, what it does, why it does it, and what it will do in the future. My strategic plan approach provides a methodology to help ensure the long-term relevance and survival of your organisation or business and the community in which it operates.”*

#### *A strategic plan<sup>27</sup>*

- ✓ *Is for established businesses and business owners who are serious about growth*
- ✓ *Helps build your competitive advantage*
- ✓ *Communicates your strategy to staff*
- ✓ *Prioritizes your financial needs*
- ✓ *Provides focus and direction to move from plan to action*

#### **WHY IS STRATEGIC PLANNING IMPORTANT?**

Every commercial organisation in all sizes and in all sectors unarguably benefits from strategic planning in terms of competitive and innovative development. It strengthens the effectiveness of the organisation, facilitates decision making structure, operation management and communication inside and outside of the organisation, and contributes to the culture of the organisation.

Contrary to popular myth, strategic planning is not only important for growing businesses, but also for the entrepreneurs who are serious about growth. Although planning structure is not that formalised in small and medium sized firms as it is in large firms, its scope in small and medium sized firms can be more comprehensive compared to that of large firms. For instance, hiring an employee is a strategic decision in small firms, it is not likely in large firms. That is why small firm managers/entrepreneurs need to have a far-reaching approach while planning for the future.

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<sup>26</sup> *Strategic Planning as Simple as A,b,c*: 2nd Edition Paperback – March 11, 2020 by David McClean (Author)

<sup>27</sup> <https://catalogimages.wiley.com/images/db/pdf/9780470037164.excerpt.pdf>

Marketing, sales and especially human resources development should constitute the most important part of strategic planning in the first years of establishment. The managers sometimes need to set aside the daily operations and devote time to shape the future of the firm with a system in which all or key members are involved. It is generally accepted that organisations which devote time to planning are always more successful than those which do not.

## **STRATEGIC PLANNING PROCESS**

Here we explain the concept and phases of the strategic planning process. Various methods for the strategic planning process exist in literature. Although these seem different from each other and name the main phases differently, all have been developed in response to 3 core questions which serve the same purpose:

- 1. Where are we now?**
- 2. Where do we want to be?**
- 3. How will we get there?**

The questions asked during the implementation phase are as such:

- 4. Who must do what?**
- 5. How do we do it?**

The strategic plan document, which is the output of the strategic planning process, includes at minimum the following components :

- A vision statement
- A mission statement
- Core organisational values and competencies
- An internal and external assessment

- Priority issues
- Strategic objectives to be achieved
- Operation plan or action plan to achieve these objectives

The model that we present here is not very different from the ones exist long in strategic planning literature, but shaped according to needs of entrepreneurs and intrapreneurs.

### GETTING READY FOR STRATEGIC PLANNING

The strategic planning process becomes effective when it is led by a team who has a shared vision. Attention here! Entrepreneurs/managers should not do the planning on their own, but should do it with the help of team members, especially intrapreneurs. You should also consider the following before starting the planning process:

- Make sure about your purpose in developing a strategic plan, expected benefits out of it and costs of the development process.
- Designate the key people/intrapreneurs in your organisation who are cooperative and can devote time to the process. Fulfil the conditions necessary for their involvement in this process by determining time periods they are available to participate in planning sessions.
- Create a schedule for the overall process, together with your team, and organise sessions according to it.
- Acquire the right information from right resources for the analyses conducted in the first phases of the planning process.

### PHASES OF STRATEGIC PLANNING

The strategic planning and implementation process are designed to answer 4 basic questions with 4 phases.

#### *Phase 1: Building up the Base for Strategic Planning*

You should follow the sequence given below in order to get effective results.

- **Step 1: Assess your environment**

The major method for environmental scan is PESTEL Analysis. This method enables you to scan Political, Economic, Social and Technologic factors in the environment where your organisation operates and how these factors affect/will affect your operations.

**PESTEL analysis** is a tool used by marketers to analyze and monitor the macroenvironmental factors that have an impact on an organisation or an idea. This tool includes the analysis of trends and factors that can affect the context in which actions are carried out and/or your organisation as a whole. It requires the user to look at six different domains: political, economic, social, technological, legal and environmental. ([PESTEL analysis Template](#))

***P – Political:** Includes government policy, political stability or instability, foreign trade policy, tax policy, labour law, environmental law*  
***E – Economic:** economic growth, interest rates, exchange rates, inflation, disposable income of consumers and businesses*  
***S – Social:** population growth, age distribution, health consciousness, career attitudes*  
***T – Technological:** new ways of producing methods, new ways of distributing goods and services, new ways of communicating with target markets*  
***E – Environmental:** raw materials, pollution targets, carbon footprint, sustainability*  
***L – Legal:** health and safety, equal opportunities, advertising standards, consumer rights and laws, product labelling and product safety*

- **Step 2: Assess your organisation**

The identification of strengths, weaknesses, opportunities and threats of the company as a whole will enable you to better understand the floor for improvement of your company. This activity is called **SWOT analysis** and is recommended to be conducted together with people at the core within the organisation. ([SWOT analysis template](#)).

S STRENGTHS	W WEAKNESSES	O OPPORTUNITIES	T THREATS
<ul style="list-style-type: none"> <li>• Things your company does well</li> <li>• Qualities that separate you from your competitors</li> <li>• Internal resources such as skilled, knowledgeable staff</li> <li>• Tangible assets such as intellectual property, capital, proprietary technologies etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Things your company lacks</li> <li>• Things your competitors do better than you</li> <li>• Resource limitations</li> <li>• Unclear unique selling proposition</li> </ul>	<ul style="list-style-type: none"> <li>• Underserved markets for specific products</li> <li>• Few competitors in your area</li> <li>• Emerging need for your products or services</li> <li>• Press/media coverage of your company</li> </ul>	<ul style="list-style-type: none"> <li>• Emerging competitors</li> <li>• Changing regulatory environment</li> <li>• Negative press/media coverage</li> <li>• Changing customer attitudes toward your company</li> </ul>

SWOT analysis - Wordstream (<https://www.wordstream.com/blog/ws/2017/12/20/swot-analysis>)

### ● Step 3: Analyse your competitors

While you complete Step 1 and Step 2 (PEST and SWOT Analyses) you have done much for this step, because you have already assessed external factors, specified them and you are about to discover how your competitors will react to a change in your environment. If you already know your competitors, you can easily realise, for instance; how they can or cannot deal with social change. Then you will take the full opportunity to deal with this change in case they cannot or just leave it to them if they can do better and look for other opportunities without losing time.



However, if you want to see how your competitors are doing up close, you can use a simple method called Competitor Array. You can develop your array by following the steps given below:

1. Define the nature and scope of the industry in which your organisation operates.
2. Identify your competitors.
3. Determine and explain your customers and what benefits they expect.
4. Outline key success factors in your industry.
5. Rank the key success factors by weighing them.
6. Rate each competitor on each of the key success factors.

- **Step 4: Identify your priorities**

In this step, you and your team are expected to review the results gathered in the previous steps. You have highlighted important factors in PEST Analysis and SWOT Analysis and identified competitors and why they are successful. Now, it is time for specifying the priority issues built on the current internal and external situation of your organisation.

Some examples to priority issues:

- “Our sales have been decreasing in the shops in shopping malls after terror attacks in crowded places.”
- “There is an increasing trend among our customers for organic products.”

### **Phase 2: Determine Your Direction**

After you identify where you are, it is time to decide on where to go. There are 4 complementary steps within this phase, which will altogether help you determine your direction.

- **Step 1: Develop your mission statement**

A mission statement defines your purpose of existence. It should focus on satisfying customer needs, be based on your core competencies, realistic, clear and easily understood. Peter Drucker says that, “The effective mission statement is short and sharply focused. It should fit on a T-shirt.” and continues, “It must be clear, and it must inspire. Every board member, volunteer and staff should be able to see the mission.” Let’s have a look at some effective mission statements:

Coca-Cola: “To refresh the world, to inspire moments of optimism and happiness, to create value and make a difference.”

Google: “To organize the world’s information and make it universally accessible and useful.”

Nike: “Bring inspiration and innovation to every athlete\* in the world.

*\*If you have a body, you are an athlete.”*

- **Step 2: Develop your vision statement**

Before starting to develop your vision statement, you need to understand the difference between mission and vision statements. The difference stands in the questions asked to identify them; while you answer the question, “What is the purpose of the existence of my business?” for a mission statement; you answer the question, “Where is my business going?” for a vision statement. Visions are future-based statements, defining mid-term and long-term direction in terms of activities and capabilities to be developed and shared within the organisation. Some inspiring vision statements are as follows:

Twitter: “To give everyone the power to create and share ideas and information instantly, without barriers.”

Amazon: “To be earth’s most customer centric company; to build a place where people can come to find and discover anything they might want to buy online.”

Canon: “To find simple advanced solutions freeing people to live their dreams and lead enriched lives at home and at work.”

- **Step 3: Specify your values**

Core organisational values are the essential and enduring beliefs held by the organisation and cannot be compromised for the sake of financial gains and short-term interests. Values serve as a guiding force, providing a sense of direction to an organisation. In the workplace, values work best when they are aligned with the organisation's strategic vision (McClean, 2015).

The values of an organisation should have a past and should be clear and direct. Developing around four or five core values is important but do not create new values, instead bring together what is already present inside your organisation or among your team.

Core values are mostly hidden in the mission statements, which is why some successful organisations do not write them down separately.

Some examples of core values can be: integrity, leadership, ownership, passion for winning and trust (these are the core values of P&G and all these values are explained in two to five sentences).

- **Step 4: Specify your competitive advantages**

A competitive advantage defines why you are doing better than your competitors, either by means of lower prices or providing greater benefits over products and services which justify higher prices. Gaining sustainable competitive advantages constitute the most important business strategy.

Michael Porter defines two basic types of the competitive advantage:

1. Cost advantage
2. Differentiation advantage

A competitive advantage arises when a business offers a product providing the same benefits offered by competitors, with a lower cost (cost advantage) or a product with more benefits than the ones offered by competitors, at similar costs with the competitors (differentiation advantage).

In order to gain competitive advantage(s), you need to:

1. *Evaluate your business:* Who are your customers? What are your unique strengths (identified in SWOT Analysis)? How are your competitors doing? What are you doing better than your competitors?
2. *Create the advantages:* Is it possible to reduce your costs? And/or how can you improve the quality or functionality of your product at a better level than other products in the market?
3. *Maintain competitive advantage(s):* What are the new trends in the market? Are your advantages getting old and do you need to focus on new customer needs?

Your answers to the first question can be direct input for the core competencies section within the strategic plan. The rest of the answers will help you improve and create new advantages in the market.

### **Phase 3: Build your strategy**

Let's do some strategies now! This phase involves the necessary steps which facilitate the actual construction of your strategic plan. Here we will try to convert our objectives into action. We have 3 main steps.

- **Step 1: Set your strategic matrix (TOWS)**

The best method for identifying strategic options over your SWOT Analysis is to use a TOWS Matrix. TOWS (Threats, Opportunities, Weaknesses and Strengths) is actually an acronym to SWOT Analysis, but more focused on external issues: threats and opportunities. Besides TOWS Matrix, illustrated below, you can match external opportunities and threats with internal weaknesses, and develop your strategic options.

	<b>Strengths</b> S1 S2 S3	<b>Weaknesses</b> W1 W2 W3
<b>Opportunities</b> O1 O2 O3	Use strengths to maximise opportunities	Reduce weaknesses to develop opportunities
<b>Threats</b> T1 T2 T3	Use strengths to reduce threats	Avoid threats by reducing weaknesses

The questions you should answer while you identify alternative strategies over your SWOT:

**SO:** How can you use your strengths to take advantage of your opportunities?

**ST:** How can you use your strengths to avoid threats?

**WO:** How can you take advantage of your opportunities to minimise your weaknesses?

**WT:** How can you minimise your weaknesses and avoid threats?

- **Step 2: Define long-term strategic objectives**

After you have developed your TOWS Matrix, it is time to define your long-term objectives, which do not only address the SWOT items, but holistically address all areas of your organisation. For this, think about the overall functions of your

organisation: human resources, production, marketing & sales and finance. Your answers to the questions below again should address your core values and the achievement of your vision and mission:

1. What skills and capabilities should our team have? Do we have those already within our team to drive current processes and employ change?
2. Is our current production process appropriate for improvements in current product(s) and new product(s)? Should we consider improvements?
3. What is our value proposition over our product(s)? What value must we provide to our customers to reach our outcomes?
4. How can we improve our financial performance? Should we take action for revenue growth by increasing our prices or productivity improvement for cost reduction?

- **Step 3: Develop the strategic plan by involving yearly operational plans/action plans**

After you have completed all the steps in the phases above, you should have all the necessary data to create a strategic plan: priorities, mission, vision, core values, competitive advantages, individual strategies and long-term objectives. Now it is time to develop a complete strategic plan which involves all this information as well as an operation plan. Before elaborating the strategic plan contents, you need to understand the structure of an operation plan and action plan so that you can choose which one to use within your strategic plan.

The operation plans and action plans are usually developed for 1 year, though your long-term objectives are set for a longer period. You need to define new goals to achieve long-term objectives in each of the yearly plans within your strategic plan. While action plans are developed to directly address the specific action steps to achieve a specific goal, operation plans are more detailed and provide a clear picture of how a team, section or department will contribute to the achievement of the organisation's strategic objectives. Here we present an operation plan. You can create a simple and useful table like below, for each of your strategies:

Strategy: To increase our market share by addressing new trends

Long-term objectives	Short-term goals (for 1 year)	Measures	Responsible person
<b>Human resources:</b> Employ new techniques to improve skills and motivation of team.	Organise at least 30-hour training to staff. Develop and provide rewards for challenging work.	5% staff productivity improvement 2 to 3 direct contribution of key staff to address new trends in the market	HRM or CEO
<b>Production:</b> Invest in new moulds and machinery to produce improved products.	Find 2-3 alternative suppliers and decide on one. Start procurement process. Start production process.	Contract signed with a supplier. First new products produced by the use of new moulds/machinery.	Production Manager, Purchasing Manager or CEO
<b>Marketing &amp; Sales:</b> Introduce new/improved products to the current market.	Use online, TV and printed medias for product promotion.	4 types of commercials put forth on different media.	Marketing & Sales Manager or CEO
<b>Finance:</b> Increase profitability and establish financial sustainability	Achieve sales growth between 5% and 10%	Monthly sales growth between 0,4% to 0,8%	Financial Manager or CEO

Strategic plans usually include the following content. The content can be slightly changed according to the structure and form of the organisation.

### 1. Introduction

*Briefly introduce the purpose and structure of the strategic plan*

### 2. Description of the Organisation

*Describe the company in terms of: date of establishment, expertise, main activities, organisational structure (with an organisational chart, if there are clear links among management and staff)*

### 3. Organisational Principles

*Put your mission and vision statements, core values and competencies in sequence.*

#### **4. Priorities**

*Put your SWOT Analysis (in a table or explained under titles), TOWS Matrix and any observations about priority issues.*

#### **5. Operation Plan / Action Plan**

*Develop your operation plan (as presented above) or your action plan.*

#### **6. Conclusion**

*Briefly summarise your plan.*

#### **Phase 4: Employ change: Implementation of the strategic plan**

In the last but enduring phase of the planning process, we have 3 key steps:

- **Step 1: Evaluate and understand the plan**

The first step after you have well documented your strategic plan is to step-back and put it aside for a short period of time (approx. a week long), in order to recover objectivity. Then review it carefully and highlight the unrealistic or challenging parts in terms of time and costs. Make sure that you will keep them in mind during the implementation process without revising the plan, but exclude or revise them in the next planning period if the current plan fails.

- **Step 2: Communicate the plan**

After you make sure that the plan is ready to be shared with the team, do it by starting from the main stakeholders who are responsible for the implementation and measurement of long and short-term objectives in the plan. Communicating the plan with every single member of the organisation is essential because it helps them to see the big picture. However, organisation wide communication requires more effort; you need to put it on the agenda of groups/department meetings, internal blogs, boards and correspondence.

- **Step 3: Cascade the plan**



The last step before taking action over the strategic plan is to cascade it throughout your organisation and get to the practical and technical components of people's everyday work. If you are an intrapreneur, then firstly involve upper management in the cascading process, they will help you to accelerate the process with a higher authority.

During the implementation process, schedule regular (e.g. once every month) progress meetings with the key staff involved in the implementation process. Let them present the actions implemented in their departments in order to achieve specific short and long-term goals. Discuss the challenges they face and any changes that need to be made.

**External links:**

PESTEL Analysis ([https://www.cipd.co.uk/Images/7583-PESTLE-template-2020\\_tcm18-27107.pdf](https://www.cipd.co.uk/Images/7583-PESTLE-template-2020_tcm18-27107.pdf) )

SWOT Analysis (<https://www.wordstream.com/wp-content/uploads/2022/01/swot-analysis-template-blank-example.png> )

TOWS Matrix (<https://www.professionalacademy.com/blogs/an-introduction-to-the-tows-matrix-putting-swot-into-action/>)



**TIP**

- *Entrepreneurs/managers should not do the planning on their own, but should do it with the help of team members, especially intrapreneurs*
- *The strategic plan should be reviewed at least once a year to prepare for the forthcoming year.*
- *The progress of the implementation should be reviewed on a quarterly basis*

**References**

Olsen, Erica. 2007. *Strategic Planning For Dummies*. For Dummies.

*What Is Strategic Planning Anyway?* (<https://catalogimages.wiley.com/images/db/pdf/9780470037164.excerpt.pdf>)

McClellan, David. 2020. *Strategic Planning as Simple as A,B,C*. 2nd Edition, Lulu Publishing Services.

Andrews, K.R. 1971. *The concept of corporate strategy*. Homewood: Dow Jones-Irwin.

<https://higuide.elrha.org/>

# EXPERIENTIAL LEARNING

## Scope

This chapter aims to introduce the context of experiential learning

## Expected outcomes

- identifying the elements that define an experiential learning
- understanding the usefulness of this method

### WHAT IS EXPERIENTIAL LEARNING?

*Experiential learning (EL) is, quite simply, learning by doing.*

*We have all learned to walk or talk, not by being shown or told, but by practising and refining our technique. Consequently, trainers and facilitators can implement this method in all sorts of situations with people from all walks of life.*

One of the quickest ways to highlight the ways in which experiential learning differs from other methodologies is to take a look at what it is *not*:

EL is not the writing of new information onto the blank slate of your mind.

Nor is it the act of memorising an immutable bank of knowledge.

EL is not a passive process that happens to a learner; rather it is an active process that engages them and invites participation.

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### BACKGROUND:

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***Experiential learning is a powerful way to help people identify changes required to their skills, attitudes and behaviours, then implement those changes for better performance.***

## **What are the principles of experiential learning?**

Experiential learning stands in contrast to prominent theories of learning which underpin most traditional educational methods, like behaviorism and implicit learning. These theories have their own ideas on the goal of learning, the best way to learn, measures of success, and the nature of what can be learned.

EL brings a different theoretical perspective, as we will see in the following principles.

### **Focus on the learning *process* rather than on the *outcomes***

Behavioural conceptualisations of learning suggest you can measure effectiveness of learning by the number of facts or habits a person has learned in response to stimulus questions or conditions. These elements of thought – or ideas – are fixed, and the goal is acquiring more of them.

EL suggests that ideas are not fixed; rather, they form and re-form through experience. Experience intervenes and because this is unique each time, so too are the resulting ideas.

In EL, the measure of success therefore moves beyond acquisition of facts, and instead becomes lasting behavioural change, the development of skills and behaviours to respond to different situations, and an ability to apply this knowledge.

## The process of learning is grounded in experience

Implementing, testing, evaluating and refining ideas exclusively with reference to familiar experiences does not present an opportunity for learning, because experience must overcome expectation to hold value.

As a result, education involves refining and modifying old ideas as well as implanting new ones, and experience is the vehicle through which this process can take place.

The response to new ideas depends on those currently held, and the responsibility of teachers, instructors, facilitators – whichever word you prefer – is to sculpt the experience and the surrounding discussion in a way that maximises its value.

## Learning is a transactional process

The transaction takes place between the environment and the learner.

The resulting experience and knowledge are applicable in wider contexts, due to the fact that the knowledge is the result of testing and refining theories, rather than learning by rote.

Hence in situations with different conditions but where some commonalities exist, current knowledge can contribute to the basis for continued learning.

First let's take a look at the abilities a learner needs to be able to engage with an experiential learning task:

- Concrete experience
- Reflective observation
- Abstract conceptualisation
- Active experimentation

***External links:***

[What is Experiential Learning?](#)

[\(22\) \(PDF\) Experiential Learning Theory \(researchgate.net\)](#)

# GROUP DYNAMICS

## Scope

This chapter aims to introduce the context of group dynamics.

Group dynamics is a system of behaviors and psychological processes occurring within a social group.

## Expected outcomes

- identifying the elements that define a group dynamics
- understanding the usefulness of this knowledge in any group activity

## WHAT IS GROUP DYNAMICS?

***Group dynamics is a system of behaviors and psychological processes occurring within a social group.***

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### **BACKGROUND:**

*Kurt Lewin is commonly identified as the founder of the movement to study groups scientifically. He coined the term group dynamics to describe the way groups and individuals act and react to changing circumstances.*

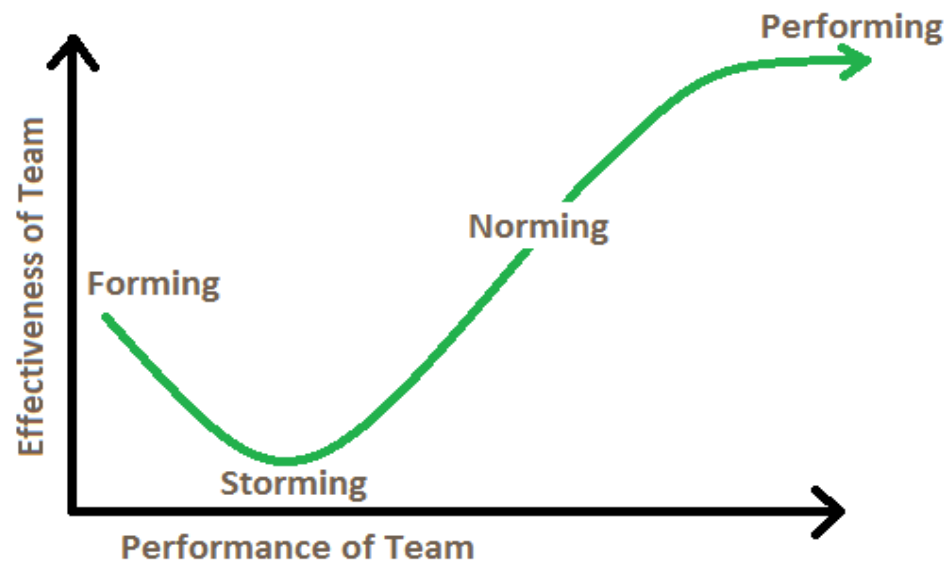
*(Benne, K. D.; Bradford, L. P.; Gibb, J. R. (1972))*

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## ***TUCKMAN'S 5 STAGES OF TEAMS DEVELOPMENT MODEL***

*Bruce Tuckman created a model saying that five phases were necessary for a team to develop and grow. He formed the basis of many future team and group models and is used extensively by management consultants and in team building.*

### **Tuckman's Team & Group Development Model**



Phase description	Role of the leader	Important notes
<b>Forming</b> - is where people get to know each other and the task at hand.	The leader is essential at this stage to help the team figure out objectives and team roles and responsibilities. It's likely that the team or group leadership may need to be quite directive at this stage.	This stage can be frustrating for many as there is a large focus on information gathering - which takes time - and actions are often postponed until the direction is clear.
<b>Storming</b> - As people begin to feel safer, they will push the boundaries set up by the team in the forming stage and conflicts may begin to erupt.	The leader will need to be very accessible during this phase. Team members may challenge the leader and/or jostle for position. The leader needs to make sure that team members are clear on their responsibilities and tasks to keep the team on track.	Some teams get stuck in this stage. Team members may sabotage individual and group goals through unresolved conflicts. People must learn it is safe to share differing opinions and ideas - which can be a very challenging stage for people who are conflict averse.
<b>Norming</b> - is where the plan comes together. During this stage the team agrees to the plan, timelines and who should contribute what to the plan according to their skills.	This stage can be sped up with helpful facilitation from the leader helping the team come to decisions for themselves and learning to complete their tasks as a unit. The leader should be asking questions (coaching) rather than directing. The leader can also organize socializing events to encourage healthy team-bonding that moves a group into the performing stage.	It can be difficult at this stage for concerns and new ideas to be raised, as people are keen to leave behind the uncertainty and unpleasantness of the "Storming" phase. There is a pressure to move forwards and get things done so leaders must remain open to new ideas and ensure that conflicts are aired and dealt with.



**Performing** - The team is stable, and the goals are clear. This is when the team has developed processes that work for the team and people follow them.

The high performing team is largely - autonomous, and a good leader will now be delegating, developing team members and maintaining a visioning role. For the team to perform at its best, a good leader will encourage creative conflicts and help celebrate and reward achievements.

**Mourning** - this stage is about wrapping up the task and the team breaking up. It may be a difficult stage for some team members who enjoy the routine, or who have made good friendships. A leader can help by working with team members to plan their futures and what comes next.

The leader can help by working with team - members to plan their futures and what comes next.

**External links:**

[Belbin's Theory on Team Dynamics](#)

**Resources**

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Benne, K. D.; Bradford, L. P.; Gibb, J. R. (1972). *"Geschichte der Trainingsgruppe im Laboratorium"*. In K. D. Benne (ed.). Gruppentraining. Stuttgart: Klett Verlag. pp. 95–154.

Elsey, E. L. (2022). *Tuckman's 5 Stages of Teams Development Model & How to use it*.

# GROUPS FACILITATION

## Scope

This chapter aims to introduce the context of group facilitation

## Expected outcomes

- identifying the elements that define a group facilitation
- understanding the usefulness of this knowledge in any group activity

## WHAT IS GROUPS FACILITATION?

***Group facilitation is a process in which a person who is acceptable to all members of a group, is substantively neutral, and has no decision-making authority, is chosen to intervene in a group's process to help it meet its agreed purpose.***

## How to be a good facilitator?

*Facilitator should help to inspire, encourage, and motivate the group to provoke solutions and creative ideas if there is a brainstorming exercise or bring the energy back*

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## BACKGROUND:

*While there are many different styles and philosophies of facilitation and numerous books, articles, and guides have been written on the topic, the type of facilitation most commonly used is grounded in the practice of inclusivity, fairness, mutual respect, and democratic decision-making.*

---

## PRINCIPLES OF FACILITATION

Facilitation principle	Description
<b><i>Maintain Neutrality</i></b>	facilitator owns the process of the meeting while letting the team own the content of the conversation
<b><i>Stand in the Storm</i></b>	facilitator welcomes different points of view and perspectives without taking sides and finds a way to welcome difference of opinion into the conversation
<b><i>Honor the Wisdom of the Group</i></b>	facilitator has to trust that the team has the wisdom and everything else it needs to solve its own problems creatively and innovatively
<b><i>Hold the Group's Agenda</i></b>	when facilitating meetings, facilitator should be mindful of serving his team's emergent agenda
<b><i>Be Future Focused</i></b>	facilitator should have a plan that includes questions designed to prompt the team to think about the future — to think beyond the current dilemma to imagine what's possible

## FACILITATION TECHNIQUES

***Every facilitator has a different style, every group has different dynamics. A skilled facilitator adapts to the needs of each particular team and meeting. To be able to do so he or she needs to be armed with the proper facilitation techniques:***

1. Begin your meetings with a quick check-in.
2. Review desired outcomes and agenda items.

3. Assign meeting roles.
4. Practice active listening.
5. Take stack.
6. Synthesize the main themes to reframe the conversation.
7. Pause and allow for reflection.
8. Encourage and balance participation.
9. Take a break and re-energize.
10. Provide closure.

**External links:**

[Nature of facilitation and teaching approaches employed in interprofessional education](#)

[Attracting student participation in asynchronous online discussions: A case study of peer facilitation](#)

[Icebreakers ideas](#)

**Resources**

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Acker M., *The 5 Guiding Principles of Facilitation*, 2021 <https://www.womeninretail.com/the-5-guiding-principles-of-facilitation/>

Tsao T., *10 Facilitation Techniques That Will Make Your Meetings Sing*, 2018 <https://www.meeteor.com/post/meeting-facilitation-techniques>

# LEADERSHIP

## Scope

This chapter aims to introduce the context of leadership. To achieve this, we explore the leadership term and its relationship with teaching and learning activities. In the next section, we focus on delimiting leadership timeline and its usefulness in the management field. We also provide types of dimensions of leadership and offer several resources to explore the usefulness of the method.

## Expected outcomes

- identifying the elements that define leadership
- understanding the usefulness of leadership
- summarizing and understanding the dimensions of leadership



## WHAT IS LEADERSHIP?

***Leadership has many agreed definitions and refers to a set of skills to influence and inspire others to become the best version of themselves by building skills and achieving goals.***

## LEADERSHIP CAN BE SEEN

*As a trait*

*As a behavior*

*As an information-processing challenge*

*As a relational standpoint*

---

## **BACKGROUND:**

*Leadership was first defined at the beginning of the 20th century as “the ability to impress the will of the leader on those led and to induce obedience, respect, loyalty and cooperation” (Moore, 1927, p. 124).*

*Since then, different approaches have been used when describing leadership.*

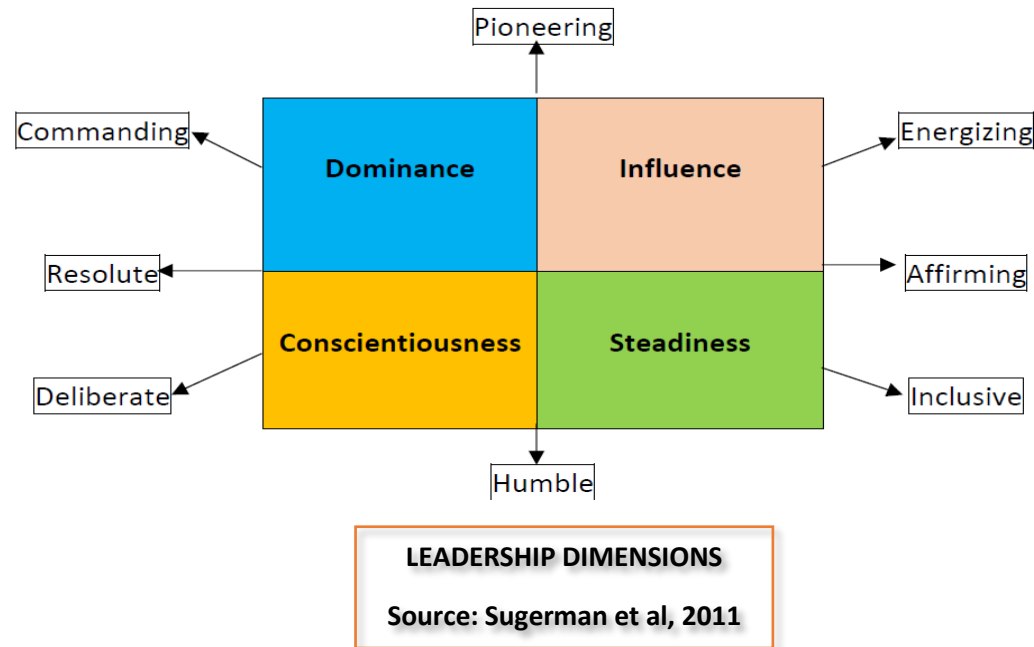
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Types of leadership	Mentions
<i><b>authentic leadership (genuineness)</b></i>	<i>the leader is considered real (authentic self) as compared to others</i>
<i><b>ethical leadership</b></i>	<i>the leader shows acceptable and appropriate conduct in and outside work life</i>
<i><b>spiritual leadership</b></i>	<i>the leader has the task of comprising the values and behaviours to enhance the spiritual survival</i>
<i><b>discursive leadership</b></i>	<i>the leader uses a communication-based style of leadership</i>
<i><b>humble leadership</b></i>	<i>the leader has an increased sense of humility</i>
<i><b>inclusive leadership</b></i>	<i>the leader values team members, is opened to new perspectives, opinions, and contributions to improve the well-being of the company</i>

## LEADERSHIP DIMENSIONS



***Leadership provides insights of a complex process that implies multiple dimensions, and influences follower attitudes and performance.***



**External links:**

[Effective leadership in higher education](#)

[Leadership development in Higher Education](#)

[Digital leadership and e-learning satisfaction](#)

**Resources**

Moore, B.V. 1927. The May conference on leadership. *The Personnel Journal* 6.

Sugerman, J.; Scullard, M. & Wilhelm, E. (2011). *The 8 Dimensions of Leadership: DiSC Strategies for Becoming a Better Leader*, Bk Business, San Francisco, California, ISBN> 978-1-60509-956-9

# MIND MAPPING

## Scope

This chapter aims to introduce the context of mind mapping. To achieve this, we explore the mind mapping term and its relationship with teaching and learning activities. In the next section, we focus on delimiting mind mapping timeline and its usefulness in the education field. We also provide an example of how a mind map can be created and offer several resources to explore the usefulness of the method.

## Expected outcomes

- identifying the elements that define a mind map
- understanding the usefulness of the method
- summarizing the steps of mind map creation



## WHAT IS A MIND MAP?

***A mind map is a conceptual diagram used to generate, visualize, and classify ideas on a subject. It serves as a technique of memorization and for long-term learning.***

## WHEN TO USE IT ?

*Clear thinking*

*Learning*

*Memory involvement*

## BACKGROUND:

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*Mind mapping term was developed in the mid-1970s by Tony Buzan and it refers to collecting keywords related to a topic from several sources and transposing them in a **bright** and **colorful** manner. This resource has been found effective in*



*studying written materials even though not many teachers consider this technique when teaching students (Edwards&Cooper, 2010).*

*It is considered a creative stimulating tool for activities that imply memory.*

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## HOW DOES IT WORK?

The mind mapping technique involves collecting information from different sources synthesized in keywords. The focus of the mind mapping is the **central idea** (the main keyword), then new keywords associated to the central idea are connected to it with branches.

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## MIND MAPPING IN EDUCATION



### Use in teaching classes

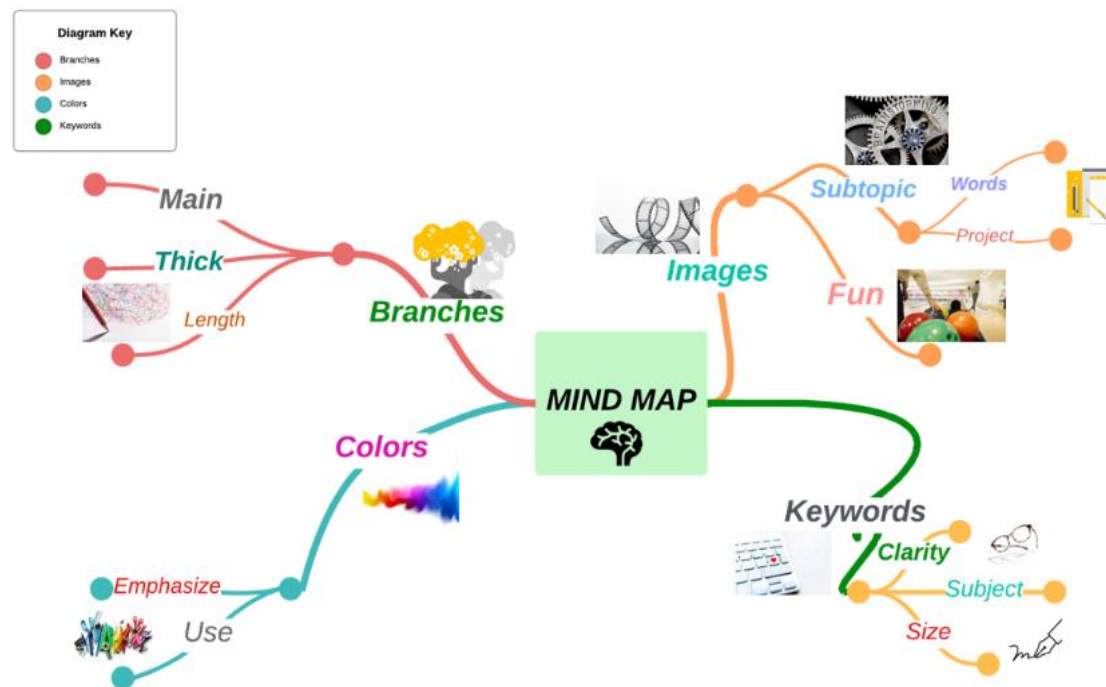
- ✓ Problem-based learning (PBL)
- ✓ Team-based learning (TBL)
- ✓ Small groups teaching
- ✓ Individual teaching
- ✓ Examination

### Use off teaching classes

- ✓ Revising teaching/learning materials

### HOW TO CREATE A MIND MAP:

- Use a flipchart/whiteboard/new blank page
- Write a word or draw an image of the subject in the center of the paper/whiteboard/blank page
- Add thick curved branches marked by keywords associated with the subject
- Add thin branches that derive from the thick branches to highlight new associated ideas. Branches become thinner as they radiate further from the central subject.
- Reshape, refine, or zoom the final mind map.



**MIND MAP**  
**Exemple**

**External links:**

[Official webpage of mind mapping technique](#)



**TIP !**

*Choose different images, symbols, shapes, and colors when creating the mind map for visual stimulation.*

**Resources**

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Buzan T. (2002). *How to Mind Map: The Ultimate Thinking Tool That Will Change Your Life*. London: Thorsons.

Edwards, S. & Cooper, N. (2010). *Mind mapping as a teaching resource*. The Clinical Teacher, vol. 7(4), pp. 236-239.

# START-UP BUSINESSES

## Scope

The aim of this section is first to explain what start-up businesses are.

The main purpose is also to show you the steps that you can take to create your own start-up.

## Expected outcomes

- To understand what start-up businesses are.
- To acquire the knowledge on how to create your own start-up.



## DEFINITION

*According to Wil Schroter, Start-ups.com Co-founder: “A start-up is the living embodiment of a founder’s dream.” “It represents the journey from concept to reality. It is one of the few times when you can take something that is only a dream and make it a reality, not just for yourself, but for the entire world.”*

*According to Steve Blank - American entrepreneur, educator, author and speaker based in Pescadero, California, a start-up is a temporary organization that is looking for a profitable, scalable and repeatable*

## QUICK FACTS SECTION

*“As a start-up CEO, I slept like a baby. I woke up every two hours and cried.”*

*Ben Horowitz, Andressen Horowitz*

***business model. And scalability is the ability of a given business to grow almost unhindered.***

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#### **BACKGROUND/DESCRIPTION:**

*The origins of start-ups can be traced back to the United States in the 18th and 19th centuries. The first recorded use of the word "start-up" was in a newspaper article in 1851. The word was used to describe a new business or enterprise.*

*The concept of a start-up began to take shape in the early 20th century. In the 1920s and 1930s, a number of new businesses were founded in the US. The modern start-up ecosystem began to take shape in the 1970s and 1980s. This was a period of economic turmoil, with high inflation and interest rates. However, it was also a time of great opportunity.*

*A number of important start-ups were founded during this period, including Apple, Microsoft, and Genentech. The success of these companies inspired others to start their own businesses.*

*Today, start-ups are a vital part of the global economy. They are responsible for creating new jobs and driving innovation.*  
*(<https://fastercapital.com/content/The-history-of-start-ups--From-early-days-to-today.html>)*

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### **How to create your own start-up?**

#### **1. The first step is to have a **great idea**.**

If you're thinking about starting a start-up, the first thing you need is a great idea. This may seem obvious, but it's actually surprisingly difficult to come up with a truly innovative and unique idea for a new business. The idea has to be innovative and also solve a particular problem. When we want to start our own company or start-up, we usually look for ideas in our heads. Sometimes they fall on us like a thunderbolt out of the blue. However, this is not the only way to start your business. You can also consider researching a niche in a specific market. Perhaps your business idea is hidden there.

**2. Next step is **market research** to determine how feasible the idea is and what the current marketplace looks like for your idea.**

Market research is a business strategy verifying such factors as: ✓ market value, ✓ close and distant competitors, ✓ financial results obtained by competitors, ✓ unique value of competitors, ✓ prices of competitors' products and services.

You also have to conduct conversations with potential customers and get constructive insights from those conversations.

**3. Then you have to prepare a **business plan**.**

A business plan is a plan that specifies and defines the expectations, goals and specific business activities of future entrepreneurs. It is a strategic plan of the company, which should include current assumptions and current data, but should also look into the future. It should include the concept, brand building process, development strategies.

**4. The next very important step is **obtaining funding**.**

The dynamic development of start-ups is possible by obtaining external funds. Currently, there is even a surplus of capital on the market for investments in a start-up. Capital can be obtained from Business Angels, Seed Capital funds and individual investors.

**5. Then there is **registering your business**.**

**6. The next step is the creation of **a marketing plan** to attract customers, and establishing a customer base.**

- a marketing plan is a tool for efficient company management,
- allows you to control progress on the way to the set goals,
- stand out from the competition and attract loyal customers,
- is an element of building a positive image of the brand and specific goods offered,
- allows you to find and take advantage of opportunities on the market,

- as part of the business plan, it helps in making a profit and applying for a subsidy.

**External links:**

<https://www.thehartford.com/business-insurance/strategy/start-up>

<https://www.start-upcommons.org/start-up-development-phases.html>



**TIP !**

**What factors make start-ups fail?**

1. Lack of business skills
2. Insufficient capital
3. Technology

**References**

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<https://fastercapital.com/content/The-history-of-start-ups.html>

[https://www.gs4e.com/best-tips-for-start-up-](https://www.gs4e.com/best-tips-for-start-up-success/?qclid=Cj0KCQjwk7uqBhDIARIsAGuvqPZOw_k7ZHwnPtjQB12yiebHeC_890EOBwP3xuQTAAaMvgD59xTn5mwaAtDREALw_wcB)

[success/?qclid=Cj0KCQjwk7uqBhDIARIsAGuvqPZOw\\_k7ZHwnPtjQB12yiebHeC\\_890EOBwP3xuQTAAaMvgD59xTn5mwaAtDREALw\\_wcB](https://www.gs4e.com/best-tips-for-start-up-success/?qclid=Cj0KCQjwk7uqBhDIARIsAGuvqPZOw_k7ZHwnPtjQB12yiebHeC_890EOBwP3xuQTAAaMvgD59xTn5mwaAtDREALw_wcB)

<https://www.growly.io/what-is-a-start-up-the-historical-background/>

<https://www.investopedia.com/terms/s/start-up.asp#toc-what-is-a-start-up>

# DIGITAL ENTREPRENEURSHIP FUNDAMENTALS

## Scope

This chapter aims to introduce the context of digital entrepreneurship, entrepreneurial mindset, and entrepreneurial opportunities. To achieve this, we explore the digital entrepreneurship term and its relationship with digital technologies. In the next section, we focus on entrepreneurs and the main element of the entrepreneurial mindset. Finally, we propose multiple ways and encourage entrepreneurs to answer different questions to advance their entrepreneurial opportunities.

## Expected outcomes

- Define the digital entrepreneurial term
- Summarize the main elements of an entrepreneurial mindset
- Provide the tools to help entrepreneurs enhance their idea

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### **BACKGROUND/DESCRIPTION:**

*In the 20th century, entrepreneurship was studied by Joseph Schumpeter and by other economists such as Carl Menger, Ludwig von Mises, and Friedrich von Hayek. According to Schumpeter, an entrepreneur is willing and able to convert a new idea or invention into a successful innovation. Entrepreneurship leads to economic growth as new products/services are offered<sup>28</sup>. Digital entrepreneurship is a business venture that exploits opportunities created by digital technologies.*

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## Digital entrepreneurship and entrepreneurial opportunities

Digital technology changes not only disrupt every aspect of everyday life and society, but also transform business fundamentals and create new opportunities. As a consequence of the digital technology changes and the opportunities created in the digital world, we focus nowadays on digital entrepreneurship and not simply on entrepreneurship. Digital

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<sup>28</sup> <https://en.wikipedia.org/wiki/Entrepreneurship>



entrepreneurship can be defined as “entrepreneurship that involves the use of new digital technologies (particularly social media, big data, mobile, and cloud solutions). The purpose of this use may be to improve business operations, invent new business models, improve business intelligence, or engage with customers and stakeholders.”<sup>29</sup>

Digital entrepreneurship is caused by entrepreneurs who are capable to recognize market or industry opportunities, sense changes in competition, identify changes in the value curve, and forecast macroeconomic changes (Figure 1)<sup>30</sup>.

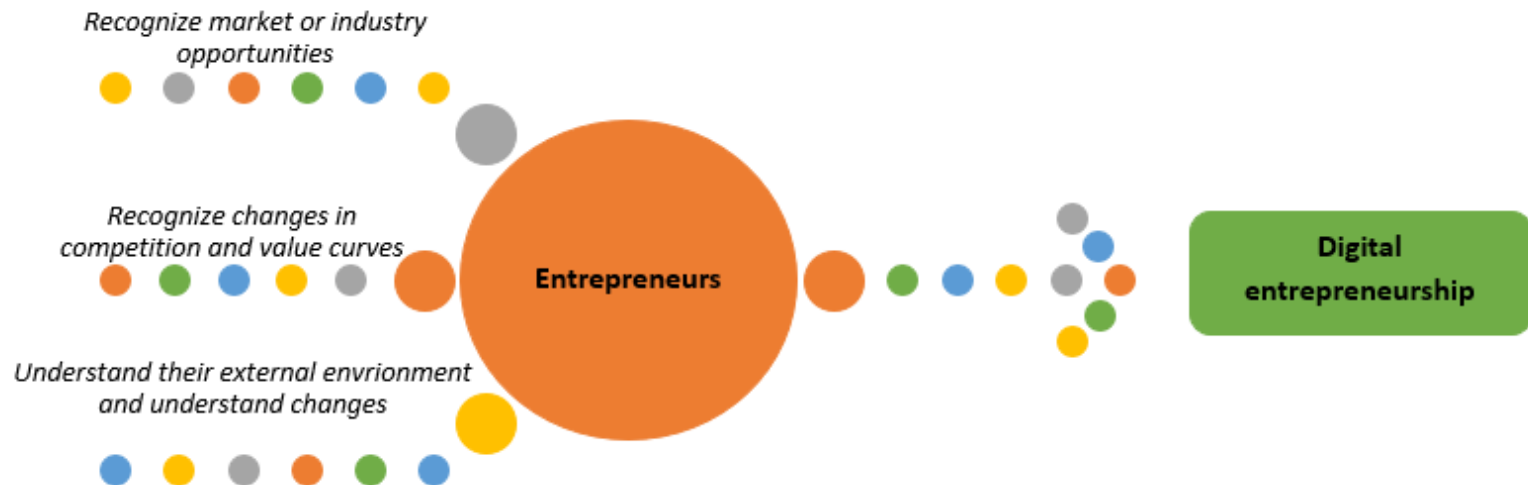


Figure 1: How entrepreneurs can cause entrepreneurship.

The extended use of digital technologies has created new opportunities for the creation of new ventures, whether it is a for-profit venture or a non-profit venture. These opportunities generate new value revenues not only for businesses but also for customers, hence, they are forcing entrepreneurs to seize and exploit them. These opportunities can be

<sup>29</sup> <https://publications.jrc.ec.europa.eu/repository/handle/JRC101581>

<sup>30</sup> Adopted by Green, J. V. (2015). *The opportunity analysis canvas*. Venture Artisans.

called entrepreneurial opportunities and are defined as “those situations in which new goods, services, raw materials, and organizing methods can be introduced and sold at greater than their cost of production”<sup>31</sup>.

In general, an entrepreneurial opportunity could be market- or technology-driven, or hybrid. A market-driven opportunity is when entrepreneurs have identified an unfilled and meaningful need that could solve customers’ critical problems, offer additional value, or could create a new market. In this case, organizations try to fulfill existing or create new customer needs. On the other hand, a technology-push opportunity has its foundations in a new-to-the-world concept that may create a new market opportunity. It could be a technological breakthrough or a new technology-enabled business model or process for a new market. The last option (the hybrid opportunity) combines elements from the above-mentioned opportunities<sup>32</sup>.

## Entrepreneurs - Entrepreneurial mindset

Exploiting entrepreneurial opportunities is directly related to the entrepreneur’s decision-making process. Entrepreneurs must make quick and high-stake decisions with incomplete information in a dynamic market, or they can choose to not seize an opportunity. Entrepreneurs should be independent individuals, committed to starting and growing a for-profit, non-profit, or social venture. Another key characteristic of entrepreneurs is competitiveness. They often burn with the competitive desire to excel and use failure as a learning tool<sup>33</sup>.

*Do you have a high need for achievement?*  
*How does individualism influence your decision-making?*  
*Do you have an internal and external locus of control?*  
*Are you able to effectively focus your time and resources?*  
*Do friends characterize you as an optimist?*

Figure 2: Entrepreneurial Mindset key questions.

The main elements of an entrepreneurial mindset are<sup>34</sup>:

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<sup>31</sup> Definition adopted by Casson (1982) from Green, J. V. (2015). *The opportunity analysis canvas*. Venture Artisans.

<sup>32</sup> Aulet, B. (2013). *Disciplined entrepreneurship: 24 steps to a successful startup*. John Wiley & Sons.

<sup>33</sup> Green, J. V. (2015). *The opportunity analysis canvas*. Venture Artisans.

<sup>34</sup> Green, J. V. (2015). *The opportunity analysis canvas*. Venture Artisans.

- **Need for achievement.** Achievement motivation describes an individual's ability to overcome obstacles that he or she will face trying to reach success. Thus, the need for achievement is defined as a preference for challenge, an acceptance of personal responsibility for outcomes, or a personal drive for accomplishment.
- **Individualism.** High individualism means that you need less support or approval from others. Therefore, individuals with high levels of individualism emphasize individual initiative and achievement.
- **Control.** It includes two important elements: autonomy and locus of control. Autonomy is about an individual's belief about their level of freedom from the influence of others. In addition, locus of control is an individual's belief that they can influence their environment. Hence, people with higher levels of autonomy and an internal locus of control are more likely to discover an entrepreneurial opportunity.
- **Focus.** To be a successful entrepreneur you must be able to focus your attention on a single task and see it through to completion. Being focused means that the entrepreneur will be decisive and thoughtful in her/his decisions.
- **Optimism.** It is the element that enables entrepreneurs to be proactive, try new things and attempt difficult tasks. However, optimism may have a negative impact as entrepreneurs decide according to subjective positive factors, overlook critical elements, and discount uncertainties. Hence, excessive optimism may lead to high levels of risk acceptance, business losses or complete failure.

## Defining an entrepreneurial opportunity

As mentioned before, there are 3 ways to start a new venture, related to the entrepreneur's ability to identify new opportunities and her/his personality traits. In general, we conclude that there are 3 ways to deliver a new venture<sup>35</sup>:

- A technological breakthrough! This is based on a technological opportunity that has been identified.
- An idea! This is based on a market opportunity that has been identified. Thus, the idea could be a vitamin pill (i.e., nice to have), a pain killer (i.e., solves a critical problem), or a game changer (i.e., opens new market opportunities).
- It is your passion! If entrepreneurs have this as a starting point, they may exploit both market and technological opportunities.

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<sup>35</sup> Aulet, B. (2013). *Disciplined entrepreneurship: 24 steps to a successful startup*. John Wiley & Sons.

However, having an idea is not enough. Entrepreneurs must use their idea as a foundation for their new venture, but they must further elaborate and enrich it. Thus, they must consult their team members and participate in brainstorming sessions. In this way, they do not only let team members participate and connect with the project, but also explore other avenues that may add more value to the initial venture as each member has different background and skills. The scope of this process is for participants to enrich and better define their venture. Hence, they must answer various why, what, and how questions. For example, they must be able to answer<sup>36</sup>:

- What do they try to achieve?
- What is the purpose of this idea?
- Why do they have a significant advantage for this idea?
- How do they add value to customers' needs?
- What is the main competitive advantage of their idea?
- What makes them a qualified team?
- Why does our team care so much about the idea?

**External links:**

Watch this video for entrepreneurial opportunities and be an entrepreneur  
[https://www.youtube.com/watch?v=PMg0QHfiEQE&ab\\_channel=Indeed](https://www.youtube.com/watch?v=PMg0QHfiEQE&ab_channel=Indeed)

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<sup>36</sup> The questions have been adopted from *Disciplined entrepreneurship: 24 steps to a successful startup* by Aulet Bill (2013).

# TECHNOLOGY INNOVATION UTILIZATION

## Scope

The aim of this chapter is to help trainers understand the term innovation and define what innovation is and what it is not. In addition, we summarize the different sources for innovation and shed light on the innovation opportunities that are created by connecting various sources. Finally, we define technology innovation, the incorporated terms like product innovation and process innovation, and the triggers that force organizations to be technologically innovative.

## Expected outcomes

- Understand the term innovation and how it can be developed
- Define technological innovation and the types of innovation that are included

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### **BACKGROUND/DESCRIPTION:**

*Innovation is the practical implementation of ideas that produce new products or services and is considered a function of entrepreneurship. There are multiple innovation sources, like unexpected occurrences, incongruities, process needs, and market or industry changes<sup>37</sup>. In this section, we will focus on technology innovation, which is an extended concept of innovation and encompasses product and process innovation.*

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<sup>37</sup> <https://hbr.org/2002/08/the-discipline-of-innovation>

## Innovation

One of the most popular words that is used nowadays in entrepreneurship is innovation. However, innovation or innovating can be misused, hence it is necessary to clarify some facts about innovation or innovating<sup>38</sup>.

## INNOVATION

*The practical implementation of an idea  
into a new device or process*

- **Innovation is not invention.** It may involve invention, but it also requires many other things as well, like understanding customer needs and desires, collaborations that are necessary to deliver it, etc.
- **Innovation has to offer value.** Companies seek to increase their revenue, so innovations must provide organizations with the appropriate return value to sustain themselves and provide a sufficient Return Of Investment (ROI) rate.
- **Few innovations are truly new innovations.** Many innovations are based on previous advances, so they do not have to be new to the world, but new to the market or industry.
- **Think beyond products.** A new business model, a new way to gain revenue, a new system of products or services, or a new way to engage with customers, employees, and partners can be considered an innovation.
- **Knowing where to innovate is as important as knowing how to innovate.** It is important to find the right innovation opportunities and specify the innovation that you are going to create before beginning the project.
- **Tackle the hardest problems first.** Innovation is supposed to solve customers' or organizations' problems, so an entrepreneur must focus on the hardest parts of the concept.
- **Refuse incomplete answers.** Try to find a comprehensive solution to every challenge.
- **It doesn't count until it's on the market.** The innovation process is continuous, and it ends only when the product is introduced to the market and is a revenue source.
- **Turn complexity into simplicity.** Most popular innovations are known because they simplify the toughest problems.

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<sup>38</sup> Keeley, L., Walters, H., Pikkell, R., & Quinn, B. (2013). *Ten types of innovation: The discipline of building breakthroughs*. John Wiley & Sons.

Innovation can arise from different sources, like individuals, research efforts, incubators, and companies. However, the creation of an innovation could be the result of the links between the above-mentioned sources. This innovative network (Figure 1) puts innovation at the center and accelerates innovative initiatives by combining resources and insights from multiple sources to create powerful technological advancements. The sources of innovations as a system are<sup>39</sup>:

- **Individuals.** An individual that invents or designs a solution that fulfills her/his needs or solves a problem.
- **Research efforts in universities.** Universities are a source of innovation as researchers work in laboratories and in research programs that generate innovative results. These results can be commercialized and can generate innovative products or services.
- **Incubators.** The main aim of these entities is to “nurture” disruptive innovative ideas that will become independent companies with a solid business model by providing access to various resources.
- **Companies.** They are a source of innovation as they have access to resources and have established processes through the Research & Development Departments that create and support innovative efforts. In addition, they are forced to develop innovative services or products, in order to remain competitive.

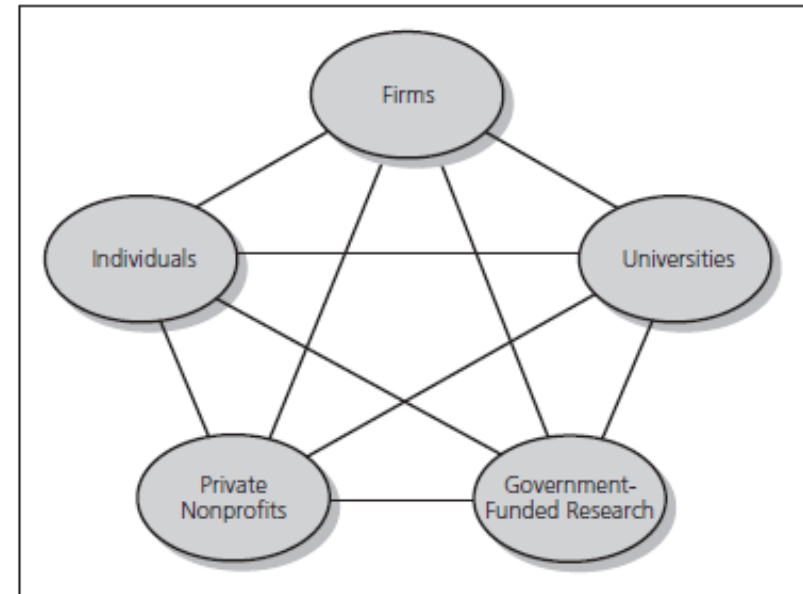


Figure : Sources of innovation as a network.

<sup>39</sup> Schilling, M. A. (2012). *Strategic Management of Technological Innovation* (4th Edition). McGraw-Hill/Irwin.

## Technology Innovation

A subcategory of innovation is technology innovation<sup>40</sup>. Organizations are forced to develop technology innovations as the advancements in digital technologies enable organizations to design and create more products in less time. Technology innovation can be implemented in the form of product innovation (new products) or process innovation (processes in application). They are considered as innovation if they offer specific advantages for the organization.

Market globalization is the main driving force of innovation. The intensive competition both in domestic and foreign markets dictates organizations to develop new products or to redesign existing ones to meet customers' new needs and remain profitable. Due to globalization, customers have access to foreign markets that force firms to become more innovative and create differentiated products and services. By creating new products firms have a new source of revenue that enhances their profit margin. However, in order for firms to create new products, they must invest in process innovation that lowers firms' costs<sup>41</sup>.

Adopting multiple technologies that speed the production process and lower operational costs allows companies to develop product variances that can be offered in diverse market segments, and have different price points. Following this strategy helps companies to differentiate themselves from competitors. Schilling, M. A. (2012) presents an example from Toyota that exemplifies the benefits of product variances. In 2012, the company offered 16 different passenger vehicle lines under the Toyota brand (e.g. Camry, Prius, Highlander, and Tundra). Within each of the vehicle lines, Toyota also offered several different models (e.g. Camry L, Camry LE, Camry SE) with different features and at different price

## TECHNOLOGY INNOVATION

***A new or improved product or process whose technological characteristics are significantly different from before.***

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<sup>40</sup> [https://www.stat.fi/meta/kas/tekn\\_innovaatio\\_en.html](https://www.stat.fi/meta/kas/tekn_innovaatio_en.html)

<sup>41</sup> Schilling, M. A. (2012). Strategic Management of Technological Innovation (4th Editio). McGraw-Hill/Irwin.



points. In total, Toyota offered 64 car models in different price ranges (from \$14,115 to \$77,995) and various characteristics like seating (from 3 to 8 passengers)<sup>42</sup>.

**External links:**

For a quick synopsis of the topic watch this video: [https://www.youtube.com/watch?v=-g-SshabbL0&ab\\_channel=MohammedBinRashidSpaceCentreMBRSC](https://www.youtube.com/watch?v=-g-SshabbL0&ab_channel=MohammedBinRashidSpaceCentreMBRSC)

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Keeley, L., Walters, H., Pikkell, R., & Quinn, B. (2013). *Ten types of innovation: The discipline of building breakthroughs*. John Wiley & Sons.

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[https://www.stat.fi/meta/kas/tekn\\_innovaatio\\_en.html](https://www.stat.fi/meta/kas/tekn_innovaatio_en.html) Retrieved, November 13, 2022

<https://hbr.org/2002/08/the-discipline-of-innovation> Retrieved, February 9, 2023.

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<sup>42</sup> Schilling, M. A. (2012). *Strategic Management of Technological Innovation (4th Edition)*. McGraw-Hill/Irwin.

# ICT and Digital Skills for Trainers

## Scope

The aim of this chapter is to summarize some of the necessary digital and non-digital skills that trainers must have. The proposed digital skills are segmented into 3 categories: planning and management, taking into account learning preferences and cultural learning styles, and cultivating a collaborating environment. Finally, we present a digital communication platform and the key features that can be used by trainers to promote communication and networking in their training programs.

## Expected outcomes

- Describe different digital and non-digital skills
- Present a digital communication tool that simplifies communication between trainee and trainer

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### **BACKGROUND/DESCRIPTION:**

*It is important for trainers to be proficient in these digital skills and tools as they will be essential for delivering effective virtual training programs. Trainers can develop their skills through online courses, workshops, and hands-on experience. Skills like planning and management, adaptability, and encouraging collaboration and communication are necessary for delivering a training program. Furthermore, trainers need to handle conflicts and intervene when it is necessary. Digital tools assist trainers in expanding their skills and enhancing the training process, collaboration, and communication with students.*

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## Competencies for Trainers<sup>43</sup>

Learning is not an event; it is a process that helps learners navigate through unfamiliar paths. Hence, trainers must plan and manage resources and training structure. By organizing the training material and formulating an action plan, it is easier to set each training session's priorities. These priorities take the form of short-, or long-term goals. As training is an interactive experience, trainers must adjust and adapt their training style and material to unforeseen changes and trainees' interests. They must be open-minded and have well-developed sensing capabilities to identify opportunities, create a response plan, and formulate activities that will encourage knowledge transfer before, during, and after the training event. Part of being a trainer is to give feedback to the training program participants. The feedback must be constructive, rely on evidence, and guide the trainee through the changing process (if it is required). Hence, trainees need to have advanced assessment capabilities and provide meaningful and constructive feedback.

Adjustments to the training material are necessary because the material should be up-to-date and take into consideration trainees' learning preferences. Renewing the training material and incorporating up-to-date information, or state of art technologies is essential for the digital entrepreneurship context and sets the training material up to date with current digital laws, practices, and market evolution. As online courses become more popular and courses are offered to a diverse audience, trainers must consider cultural elements, and understand the impact of individual learning preferences and culturally based learning styles. Following these values, they should use various teaching and transferring strategies that address different styles. Acknowledging the different functional and ethical backgrounds makes it easier for the trainer to inspire, enthuse and get others on board. The trainers need to formulate an onboarding experience that will inspire and enthuse the trainees. This could be achieved by creating a pitch presentation of the course and presenting real-life examples that let trainees feel related.

An inclusive environment encourages trainees' participation. Trainers should be able to cultivate a collaborating environment by incorporating multiple activities that will cultivate relationships and promote collaboration between trainees. Especially for online courses, it is very important to formulate activities that will encourage collaboration. Undoubtedly, face-to-face training activities enable networking and communication activities between participants.

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<sup>43</sup> <https://eige.europa.eu/resources/lfna27939enn.pdf>

Hence, one of the bigger challenges of online training courses/activities/programs is networking and communication. Trainers must formulate and encourage networking activities and adopt digital tools that enhance communication and make trainees feel part of a community. We should underline that the trainee must always be ready to solve conflicts or intervene when it is required to avoid tensions between participants. In addition, clear and well-defined communication rules facilitate and define the types of conversations that could take place in a digital communication platform.

### **Planning and management**

- Organize training material
- Prioritize training activities for each session
- Define short- and long-term goals.

### **Taking into consideration learning preferences and cultural learning styles**

- Use various teaching and transferring strategies
- Acknowledge the different functional and ethical backgrounds (be inclusive)

### **Cultivating a collaborating environment**

- Formulate connecting/collaborating activities by being creative.
- Encourage collaboration and networking
- Solve conflicts and intervene (only when it is necessary)

*Figure 1: An overview of the necessary skills for trainers.*

## **Digital tools for trainers - #slack**

An online freemium digital platform that can be used by trainers to encourage communication and collaboration in their online classes is Slack. By using this tool, trainers can enhance the collaboration between participants as they can add tools and services to streamline



processes, automate tasks and insert context into the conversation. Also, it is a customizable tool that can fit various educational needs. The differentiating factor between Slack and email is transparency, flexibility, collaboration, security, integration, and automation.

In Slack, conversations happen in two ways, through channels, (A), where messages are visible to every co-worker in the channel, and direct messages, (B), which are appropriate for one-off conversations (Figure 2). Any participant can start a conversation and draft a message by using the compose button (C). In addition, channels simplify communication between co-workers as everyone can participate in a discussion. More specifically, in channels, you can mention a teammate, add an emoji reaction, share files and clips, format messages, schedule, and edit messages. When you mention co-workers, a notification like in the figure below, (D), appears on their screens.

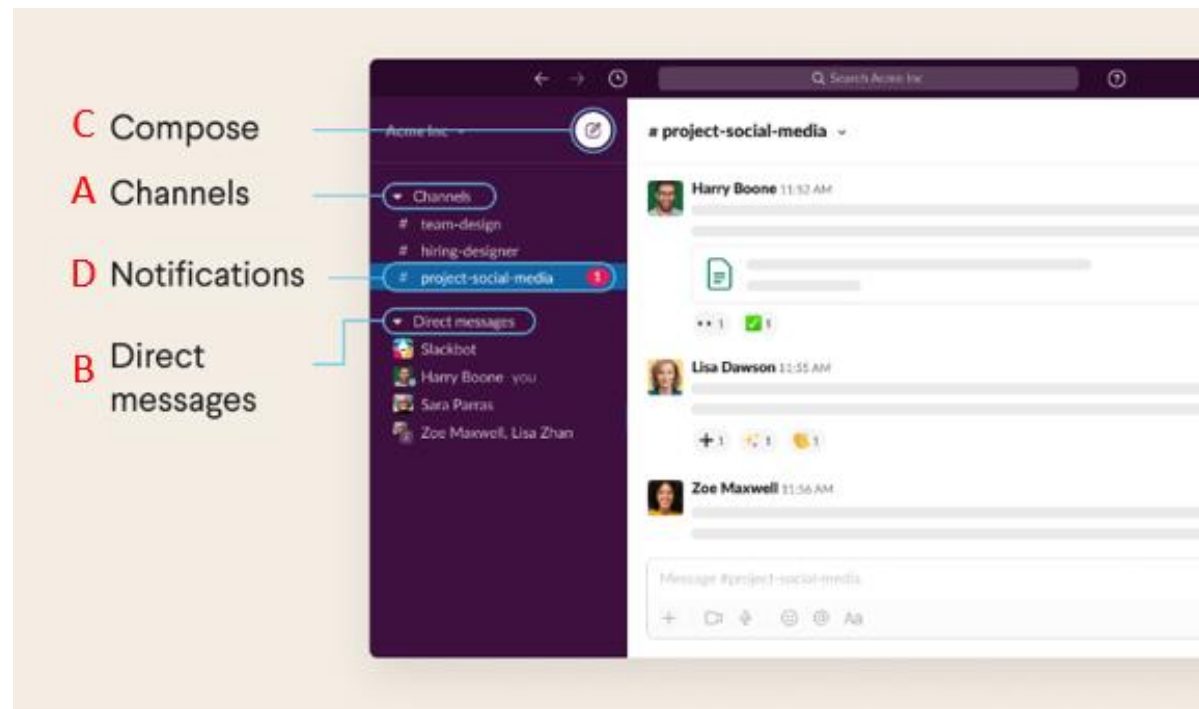


Figure 2: Introduction to Slack environment. Retrieved from <https://slack.com/help/articles/360059928654-How-to-use-Slack--your-quick-start-guide#compose-1>.

In addition, you can search for information like messages, files, channels, and people by using the search bar, applying different filters to narrow the results. Also, you can save messages and files by saving them and accessing them quickly from the Saved Items section in the sidebar. In this sidebar (Figure 3), you can customize your preferences and add options that provide access to threads, mentions & reactions, etc.

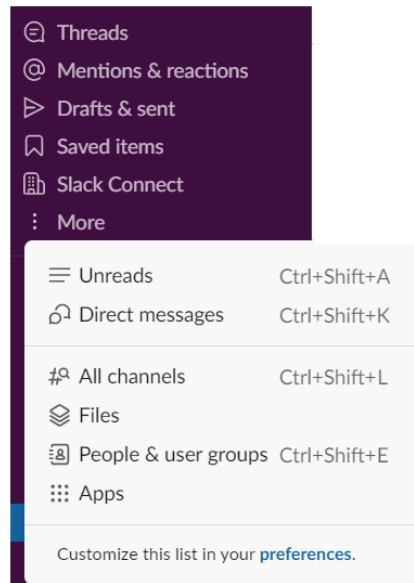


Figure : How to customize the sidebar.

#### External Links:

Visit the *Help center* for more “How to...”  
information!

<https://slack.com/help/articles/360059928654-How-to-use-Slack--your-quick-start-guide>

#### References

<https://eige.europa.eu/resources/lfn27939enn.pdf> Retrieved, November 13, 2022

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